Austria Sch 18 · Bahrain Din 0.650 · Belgium BFr 38 · Canada C$2.00 · Cyprus Mils 600 · Denmark DKr 7.75 · Egypt LE1.00 · Finland Fmk 5.50 · France Fr 6.00 · Germany DM 2.20 · Greece Dr 80 · Hong Kong HK$12 · India Rup 15 · Indonesia Rp 2500 · Italy L 1100 · Japan Y650 · Jordan Fils 500 · Kuwait Fils 500 · Lebanon L1.6.00 · Luxembourg LFr 38 · Malaysia Ring 4.25 · Mexico Pes 300 · Morocco Dh 6.00 · Netherlands Fl 2.50 · Norway NKr 8.00 · Philippines Pes 20 · Portugal Esc 75 · S. Arabia Rls 6.00 · Singapore S$4.10 · Spain Pta 100 · Sri Lanka Rup 30 · Sweden SKr 6.50 · Switzerland SFr 2.00 · Taiwan NT$65 · Tunisia Din 0.600 · Turkey L 160 · U.A.E. Dh 6.50 · U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Europe's chance to join race in space, Page 18

NEWS SUMMARY

GENERAL

MPs rap Howe over Grenada

The British Government's handling of the Grenada crisis last year was strongly criticised yesterday by an all-party committee of MPs.

Foreign Secretary Sir Geoffrey Howe and his Foreign Office were deprived of adequate information from the U.S. and reacted on the basis of "unreliable advice" from Washington, the House of Commons Foreign Affairs Committee said.

The Government was "insufficiently attuned to the political feelings of Caribbean Commonwealth states" and took no initiatives to try to stop the military action, it concluded. **Page 20**

Hijack action

Turkish security forces stormed a Saudi airliner, hijacked from a Damascus-Jeddah flight to Istanbul, and captured the hijackers. Several people were reported wounded.

Chemicals arms call

West Germany welcomed President Reagan's call for a world ban on chemical weapons and suggested European states be the first to renounce them. **Page 6**

Chernenko's title

Soviet Communist Party leader Konstantin Chernenko is expected to secure the title of state president next week at the first session of the new parliament.

Guinea's leaders

Guinea's new military rulers named Col Lansana Conte as President and Col Diarra Traore as Prime Minister.

Shooting claim

The extreme left-wing Revolutionary Organisation November 17 said it was behind the shooting of a U.S. Army sergeant in Athens on Tuesday and would attack other U.S. military officials.

68 missing after fire

A ferry caught fire and sank 870 miles east of Jakarta; 68 people were missing and feared drowned.

Solidarity trial delay

A Polish court postponed indefinitely the trial of Solidarity activists Kasimierz Switon and Anna Walentynowicz because of their ill health.

£99 Atlantic fare

Virgin Atlantic airline won a British licence to begin a daily service between London and New York for a one-way fare of £99 ($140). **Page 20**

Resignation demand

Greek tradesmen and manufacturers demanded the resignation of Commerce Minister Vassilis Kedikoglou **Page 3**

German olive branch

East Germany's economic chief, Günter Mittag, said his country wanted more trade with West Germany as an important way to secure East-West peace.

Gandhi tightens grip

Indian Premier Indira Gandhi tightened her grip on the troubled Punjab state, introducing security laws allowing six months' detention without giving a reason.

Comecon meeting

The Communist trading bloc Comecon will hold its first summit for 13 years "in the near future," Polish government officials said.

BUSINESS

IMF told of basic Argentine proposals

ARGENTINA has already sent the IMF a confidential note of the basic aims of the programme it will adopt in return for international financial aid this year. IMF acceptance of them was a key condition for banks' participation in last weekend's emergency $400m bridging loan measures. A sharp cut – to 8 per cent of GDP – in Argentina's budget deficit is central to the programme. **Earlier story, Page 6**

LONDON: FT Industrial Ordinary index rose 9.2 to 867.0. **Report, Page 37; FT share information service, Pages 38–39**

WALL STREET: Dow Jones index was 12.78 down at 1,135.78 at 3.30 pm. **Report, Page 33; full share listings, Pages 34–36**

TOKYO: Nikkei Dow index slipped 9.1 to 10,992.93. The Stock Exchange index was 3.31 lower at 868.93. **Report, Page 33; leading prices, other exchanges, Page 36**

DOLLAR was boosted by rises in U.S. prime rates, improving in London to DM 2.6165 (DM 2.6145), SwFr 2.175 (SwFr 2.169) and FFr 8.0525 (FFr 8.045) but easing to Y225.05 (Y225.25). Its trade-weighted index, calculated before the close, slipped 0.2 to 126.8. **Page 43**

STERLING added 10 points at $1.434 in London and rose to DM 3.755 (DM 3.75), SwFr 3.1225 (SwFr 3.11;) and FFr 11.545 (FFr 11.525). It was unchanged at Y323.0. Its trade weighting was 80.0 (79.9). **Page 43**

GOLD fell $1.25 in London to $380.5. In Frankfurt it was unchanged at $381.25 and in Zurich it fell $1.25 to $380.75. **Page 42**

U.S. HOUSE of Representatives voted to reject President Reagan's 1985 budget and is moving towards approving measures sponsored by Democratic Party leaders that would aim to cut Federal budget deficits by $182bn over the fiscal years 1985–87. **Page 6**

SHELL OIL board rejected as inadequate Royal Dutch/Shell's $58-a-share offer for the outstanding 30.5 per cent of Shell Oil shares, but said it could not recommend whether shareholders should tender shares. **Earlier story, Page 21**

SANTOS, Australian oil and gas group, is to make a one-for-four rights issue to raise A$153m (U.S.$144m). **Page 22**

GENERAL MOTORS overtook Ford to become the leading car importer to Britain in the first quarter of 1984. GM imports rose 91 per cent to 59,440. **Page 8**

ACF INDUSTRIES, U.S. railway stock, shipping and energy group, rejected a $53-a-share bid from an investor group led by Wall Street arbitrageur Carl Icahn.

INTERNATIONAL THOMSON Organisation, publishing and oil group, raised net profit by 47 per cent last year, to £75.7m ($114.2m), and proposed a two-for-one share split. **Page 20**

FOKKER, Dutch aerospace group, reported net profit of Fl 18m ($6.1m), more than predicted and up from a Fl 10m loss. A Fl 3.60 dividend was proposed. **Page 21**

RCA, the U.S. broadcasting, publishing and electronics group and a pioneer of video disc players is to end production and marketing of its CED video disc player.

DRESDNER BANK, West Germany's second biggest, expects operating earnings to be slightly lower this year, but foresees moderate growth in all areas of business. **Page 21**

The editorial content of today's international edition, including U.S. share prices, has been restricted because of industrial action at the Financial Times' printers in Frankfurt.

Treasury voices concern as U.S. banks lift prime

BY PAUL TAYLOR IN NEW YORK AND STEWART FLEMING IN WASHINGTON

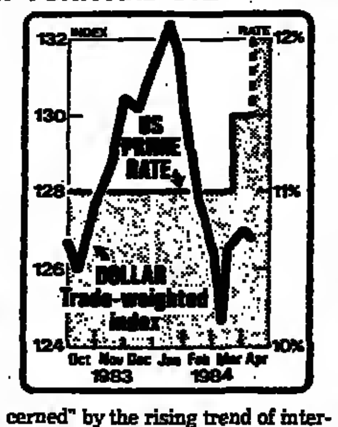
LEADING U.S. banks yesterday raised their prime lending rate by half a percentage point to 12 per cent. The increase was the second in just over two weeks and was attributed to the continuing climb in the cost of bank funds.

This latest rise had been expected after the steady increase in money market funds. Since the last increase on March 20, the key federal funds rate has risen from 10.02 per cent to around 10.9 per cent.

First Chicago, the second largest bank in Chicago and the eleventh largest in the U.S., was again the first to raise the prime lending rate yesterday but the move was quickly matched by most of the other leading East Coast banks.

While bankers in New York defended the latest increase, saying they had "little choice" because of the soaring cost of funds, they were nevertheless aware that the upward drift in bank lending rates might further become a political issue.

The rise brought an immediate response from the U.S. Treasury, which said that it was "a little concerned" by the rising trend of interest rates in the economy.



Officials said the main concern was the impact that higher interest rates are having on the cost of servicing the national debt.

"Nobody thinks an increase such as this is going to abort the recovery," one official remarked.

There is, however, probably more concern about recent interest rate trends in the White House. Democratic leaders made clear after the prime rate increase to 11.5 per cent last month that they will try to attack the Reagan Administration's economic policies on the ground that they were contributing to the high level of interest rates.

Their ability to make the case is being reinforced by evidence that home mortgage rates are beginning to rise in response to the significant increase in credit market interest rates since mid-January.

The Federal Home Loan Mortgage Corporation has announced that average rates on fixed-interest home loans rose last week to 13.55 per cent – the highest level since October last year.

The sharp recent upward movement in U.S. interest rates has already sent yields on Treasury bonds to their highest levels since before the start of the current business cycle and back to the level before the bull Wall Street equity and credit market rally began in August 1982.

U.S. budget deal rejected, Page 6
International markets, Section III

Pöhl warns of threat posed by U.S. deficits

BY JOHN DAVIES IN FRANKFURT AND RUPERT CORNWELL IN BONN

HERR KARL Otto Pöhl, president of the West German Bundesbank, yesterday described the U.S. current account deficit as by far the greatest threat to the stability of the international currency system.

A "correction" to the present situation was inevitable and the longer it was delayed, the higher the price which everyone would have to pay, Herr Pöhl said. He also strongly criticised U.S. federal budget policy.

Mr Arthur Burns, U.S. Ambassador in Bonn and former chairman of the Federal Reserve Board, speaking separately to West German businessmen in Düsseldorf, said that West European governments which grumbled about the strong dollar could reduce the outflow of capital to the U.S. by introducing measures to improve the investment climates in their own countries.

The point was diplomatically but firmly made by Mr Burns, who admitted that the "enormous deficits" in the federal budget were a primary reason for high U.S. interest rates and the strong dollar – which in turn exacerbated the debt problems of developing nations.

Mr Burns, however, professed himself "entirely confident" that "a significant budgetary correction" would be achieved before long, "perhaps even by this summer, but certainly by next spring."

Herr Pöhl said in his address in Frankfurt that the U.S. current account deficit had been financed with amazing smoothness so far. But one factor responsible for this – the drastic reduction in U.S. bank credit abroad – could not continue.

The Bundesbank chief said that various consequences were possible, such as a dollar collapse as at the end of the 1970s, or an end to the economic upswing because of rising interest rates, or a mixture of both along with cries for protectionism.

Herr Pöhl declared, however, that he did not go along with the fashionable tendency to blame the U.S. for most of the world's economic troubles.

The world had benefited from the restoration of confidence in the dollar after the change in monetary policy in 1979 and from the slowdown in U.S. inflation.

But the federal budget deficit, while helping to overcome recession in the U.S. and elsewhere, was one reason for the growing current account shortfall, put at $43bn last year and estimated to reach $60bn to $70bn this year.

Continued on Page 20

Credit Lyonnais lifts profits after increasing write-offs

BY OUR PARIS CORRESPONDENT

CREDIT LYONNAIS, the second largest French bank and the fifth in the world rankings, yesterday announced a 15.5 per cent increase in net profits to FFr 359m ($44.7m) for last year after a 33.2 per cent rise in provisions on doubtful loans in France and abroad.

The results, the first announced for 1983 by one of the country's "big three" banks, look likely to herald a slight increase in profitability throughout the largely nationalised banking system last year, even though French banking earnings remain heavily depressed by international standards.

M Jean Deflassieux, the chairman, labelling the past year as "not bad – but not brilliant," said the decision to increase overall provisions to FFr 5.02bn was necessary in view of higher risks on loans to recession-hit domestic companies and strained sovereign borrowers. "Prudence" had to be the bank's response he said.

In a sharp contrast to 1982, the entire increase in the bank's provisions for 1983 came on loans to individual clients and on other diverse risks. Provisions for these rose 86 per cent to FFr 3.62bn, after a 20 per cent increase in 1982, while provisions on loans to countries actually fell 20 per cent to FFr 1.18bn after a 122 per cent rise in 1982. The bank also listed provisions of FFr 218m to cover risks on securities holdings.

Profits after allowing both for changes in structure caused by the incorporation of the bank's securities holding company last year, and also for exceptional earnings, showed a smaller rise last year.

Operating profits before depreciation and provisions rose 26.6 per cent to FFr 6.09bn on an unadjusted basis. Allowing for the adjustments, operating profits were up only 12.9 per cent.

Credit Lyonnais, which in recent years has been the least profitable of the three large French banks nationalised in 1945, suffered a 34 per cent profit drop in 1982 after an 84 per cent increase in provisions.

M Deflassieux has made strengthening of provisions one of his priorities since taking over as chairman just over two years ago.

Severely under-capitalised compared with other international banks, French banks tend to increase provisions to compensate for insufficient equity. This trend has been accentuated in the last two years because of the state's shortage of budgetary funds to carry out bank capital increases.

M Deflassieux pointed to a "certain improvement" in the position of indebted developing countries, citing the recently agreed loan accord for Argentina and the better performance over the past year of two other "problem" countries, Mexico and North Korea.

In France, however, the bank continued to be burdened by the cost of supporting hard-hit companies through debt relief measures, low-cost loans or, occasionally, as in the recent case of the Poclain excavator company, through direct equity participation.

Although M Deflassieux attacked the myth that banks could "do everything" to help companies in distress, he described as a "vital necessity" the banks' role in easing the effects of recession and economic change.

Dilemma for socialist banker, Page 2

Substantial aid for Lorraine unlikely after cuts

By David Marsh in Paris

THE FRENCH Government, buffeted by bitter trade union reaction to its plan for big cuts in steel jobs, is none the less taking a low-key line on rebuilding industry in the battered eastern region of Lorraine.

Demonstrations against the steel plan, which nationwide will cut employment in the industry by 21,000 to 27,000, continued into early yesterday morning in Lorraine, which was paralysed by strike action during much of Wednesday.

As violence mounted in sporadic clashes between demonstrators and riot troops, 15 people were hurt in scuffles in the steel centre of Longwy in the early hours of yesterday, a bank building had its windows smashed and a small chateau belonging to the Usinor steel company was destroyed by fire.

On the political front, M Pierre Mauroy, the Prime Minister, taunted by opposition deputies in the National Assembly yesterday afternoon, promised that a FFr 500m ($62.2m) industrial aid fund for Lorraine – first foreshadowed more than a year ago – would soon be set up.

Following the stern defence of the steel cuts by President François Mitterrand on Wednesday, government officials, however, were making clear that no spectacular measures to help the region could be expected.

Nationalised companies such as Compagnie Générale d'Electricité and Renault may be steered into investing in the region. Thomson, the electronics group, is already building a plant at Longwy to make video cassette recorder parts. This is ready to start production next year with a staff of 250.

Confirming, however, the Government's shift away from full-blooded intervention towards a more subtle "supply-side" policy to try to create jobs, officials said such efforts by nationalised industries would probably remain relatively small. In a clear bid to provoke a more active stance, M Edmond Maire, leader of the pro-Socialist CFDT union, called yesterday for more direct steps to boost jobs.

Affirming that there were "no miracle solutions," an official at the Industry Ministry – which has now been put in charge of overall industrial restructuring – said the Government was putting more emphasis on encouraging business creation through tax incentives and fos-

Continued on Page 20

French threat to EEC steel industry plan

BY PAUL CHEESERIGHT IN BRUSSELS

SHARP DISAGREEMENTS in the European Community over the future of emergency plans to strengthen the steel industry are in the offing now France has decided to give as much as FFr 30bn ($3.7bn) in fresh subsidies to its industry between now and 1987.

That decision, announced by President François Mitterrand on Wednesday, signals the start of a French campaign to have extended until 1987 an EEC agreement on steel subsidies which expires at the end of next year.

The West German Government and its steel industry both oppose the high level of subsidies granted to steel companies elsewhere in the EEC. This has been reflected in actions brought to the European Court of Justice.

Their opposition to lengthening the period during which governments might grant subsidies to their industries is seen as inevitable and likely to be supported by the Netherlands.

There are two sides of the EEC plan to strengthen the steel industry. First, subsidies linked to capacity cuts and the future viability of companies are permitted under a 1981 agreement, but they must stop by the end of 1985. Second, production and price controls underpin the subsidised restructuring.

The French view is that the end of 1985 target date for the end of subsidies and an industry able to stand on its own feet is widely seen as unrealistic. President Mitterrand has simply had the courage to recognise this publicly and will be supported by Belgium and Italy.

Their steel industries are assumed to have difficulties similar to those of France in completing steel restructuring by the end of 1985.

But the European Commission, which administers the steel plan, noted yesterday that the 1985 target date could only be suspended at its suggestion and on the unanimous agreement of the Council of Ministers.

In the face of these legal complexities, France is to mount a discreet diplomatic campaign to build up political pressure for an extension of the steel plan.

But France is insistent that extending the subsidy agreement does not imply any intention to back away from capacity cuts. It will accept the cuts of 5.3m tonnes

Carter Hawley tries to block $1bn bid

BY WILLIAM HALL IN NEW YORK

CARTER Hawley Hale, the U.S. department store group, has filed a lawsuit in an attempt to block a $1bn takeover bid from a smaller rival The Limited.

Carter Hawley, whose retailing empire includes such famous stores as Neiman-Marcus and Bergdorf Goodman, alleges that Ohio-based The Limited has violated U.S. securities laws by making false and misleading statements about its offer and by failing to disclose potential anti-trust problems in the proposed merger.

It is seeking a court injunction preventing The Limited from pursuing its takeover bid-the biggest in U.S. retailing history – in any fashion, either by making additional stock purchases or by soliciting the aid of other shareholders.

Carter argues in its court submission that Limited's bid raises anti-trust questions because some of its stores compete directly with many Carter Hawley stores. The group also accuses Limited of trying to "stampede the market," by making false and misleading statements to the press.

The Limited launched a $30 per share cash tender offer for a 53.6 per cent stake in Carter Hawley on Wednesday. Carter shares rose 5⅞ to $29 in heavy trading early yesterday as stock market analysts suspected that the famous stores group would seek a friendly suitor to help it to fend off The Limited's unwelcome attentions.

The Limited is only a third of the size of Carter Hawley in terms of revenues and smaller still in terms of selling space. It is far more profitable, however, and, after a rough patch in the late 1970s, has been growing rapidly. Its market capitalisation is bigger than that of Carter Hawley.

The politics of anti-trust, Page 19

CONTENTS

The practical dilemma of a French Socialist banker

David Marsh, in Paris, talks to the Credit Lyonnais chairman

M JEAN DEFLASSIEUX, a long-standing militant in the French Socialist party, from time to time rings up his old friend, M Pierre Mauroy, the Prime Minister, for a chat—perhaps to tell him good-humouredly that his economic policies are crazy.

The advice may not always be followed. But it carries a certain weight—for M Deflassieux, arguable France's most unorthodox top banker, is chairman of Credit Lyonnais, the country's second biggest commercial bank and the fifth largest in the industrialised world.

With his grizzled grin and barrel chest, M Deflassieux, 58, looks like a cross between a commando chief and a decathlon veteran. Nearly all his working life has been spent at the bank, the last decade in the curious dual role of building up its foreign activities while at the same time helping draw up the Socialist Party's economic and banking policies during its years in opposition.

Although the cheerful, sometimes raucous M Deflassieux is well-known abroad he is the first to admit that promotion to the job of bank chairman in February, 1982, would never have happened had the Socialists not won the 1981 election.

Credit Lyonnais, like France, is having a difficult time, being forced to mingle Socialist ideology with management rigour—a policy mix for which M Deflassieux, like M Mauroy, has come under fire, from both Left and Right.

M. Deflassieux . . . "a banker not a Bolshevik."

Right-wingers claim that M Deflassieux has "radicalised" the bank—even though he now works with largely the same management team he inherited. They also criticise his rough-and-tumble style.

There is even a political opposition group dug in at the bank. Led by a junior Credit Lyonnais manager who belongs to M Jacques Chirac's neo-Gaullist RPR party, it is preparing for a possible change of chairman should the Right win the parliamentary elections in 1986. M Deflassieux calls the group "the shadow cabinet."

From the Left, he has come under fire from Socialist-leaning banking trade unions for pressing home the Government's tough line on wages and holding down promotions and seniority pay increases. In February, he was attacked in the Communist daily L'Humanite for the bank's "capitalist" policy of making full provisions on foreign loans, and last year he was the subject of a critical Press campaign over the heavy cost of the bank's takeover in 1980 of the Dutch Slavenburg's bank. This bank was later found to be heavily involved in property losses and the "laundering" of underworld funds.

M Deflassieux himself prefers himself to adopt a low profile. "My view is that the best publicity for the bank is not to make much noise and to try to have good results to strengthen the enterprise. I believe that Socialism means more justice, more equality of chances, more liberty, but that it needs to be coupled with discipline," he says.

M Deflassieux's predecessor, M Claude Pierre-Brossolette, a close ally of former President Giscard d'Estaing and chairman for over five years until he was ousted two years ago, recognises a certain continuity at the bank. "From the outside" (he is now chairman of the small private bank) M Pierre-Brossolette says, "my impression is that the methods and strategy of Credit Lyonnais have not changed substantially."

One New York banker who knows M Deflassieux well from years on the international circuit, says of the Credit Lyonnais chairman: "He could perhaps know the bank too well. Sometimes an outsider has an easier job than the man who has always been there."

Another French nationalised bank chairman who is also a close acquaintance says: "He is in a dilemma. He doesn't believe it is in the Socialist soul to be really strict."

M Pierre-Brossolette promoted M Deflassieux in 1978 to the job of director of international business, ranking number three, against the wishes of President Giscard. As chairman he is now having to wrestle with the problem of restoring profitability at Credit Lyonnais.

Yesterday's results, showing profits up 15.5 per cent on 1982 after a heavy allowance for loan provisions, represent only a slight recovery from the 34 per cent drop in net profits for 1982 caused by the badly overdue decision practically to double provisions.

> Demands to support companies in difficulties can be more subtle and hard to resist when a government asks you to understand that it's better for a country's economy to do things in a certain way.

Making adequate allowance for provisions—an area where Credit Lyonnais in the past has lagged behind the other two major French banks — represents part of the Deflassieux strategy to strengthen the bank's structure.

He has also stepped-up consultation with employees and introduced new methods to make working time more flexible, but has not followed the policy of M Pierre-Brossolette in cutting the bank's staff. Employment, which sank by 3,000 between 1976 and 1981, has risen by about 300 over the past two years to 43,500 at the end of 1983.

In this area, M Deflassieux's ties both to the bank and to the Socialists may have increased the difficulty of making tough decisions. Although he is no longer on the Socialist Party's steering committee, he still attends regular informal meetings at the Prime Minister's office.

Asked about his strict line on wages, however, he says: "It would be easy to be popular—but I would not be doing my duty of preparing the bank for the next 10 years."

Opinion varies over whether M. Deflassieux's Socialist links make him more or less able to resist Government pressure to help industrial "lame ducks."

He declares: "It is not the role of commercial banks to take stakes in companies with their customers' money."

Nonetheless, the French banks have been called in to help in a string of bail-outs. The latest is a big equity capital increase just agreed for Poclain, the struggling excavator company, where Credit Lyonnais and Credit du Nord, which was nationalised in 1982, are the lead bankers.

Pointing to British Leyland, AEG Telefunken, Chrysler and Mexico, M Deflassieux says some kind of pressure exists quite normally everywhere.

"Of course, demands to support companies in difficulties can be more subtle and difficult to resist—when a government asks you to understand that it's better for a country's economy to do things in a certain way."

In his personal contacts with the Government, M Deflassieux's influence certainly has its limits. M Mauroy chose to ignore his advice when M Deflassieux counselled the Prime Minister to take the French franc out of the European Monetary System in May 1981.

Again, the Government turned its back on M. Deflassieux's lobbying, along with many of the Socialist Left and M. Jean-Pierre Chevenement, the former Industry Minister, in favour of a National Investment Bank to channel large amounts of state funds into promising industries.

Arguing that France needs such a state body "to give a massive boost to efforts to catch up its industrial lag," M Deflassieux says that if the Government spreads investments around smaller institutions, "the effort is dispersed, costly and less effective. It's only in the Bible that David beats Goliath—in real life, its usually the reverse."

M Deflassieux appears somewhat out of place among the sober-suited directors padding around the bank's mahogany-panelled executive offices. Clearly more at home in close-knit gatherings than when delivering chairman's addresses, he can unnerve his colleagues by departing totally from pre-set speeches or making bawdy jokes.

In spirit, he seems never to have left the Resistance movement, in which he served during the war-time German occupation of France. A mechanic's son, he says he is a Socialist "perhaps basically because life for my mother and father and people around us was too difficult."

Working at the bank under the present constraints may perhaps remind M Deflassieux of those years of occupatien. But, he says, "I am a banker, not a Bolshevik. When I am in the office I try not to be naive."

Condition for Polish debt talks

By Christopher Bobinski in Warsaw

WESTERN GOVERNMENTS have told Poland that talks on rescheduling the country's debts that fell due in 1982 and 1983, as well as this year's commitments, could start if Poland were to make an initial payment of $86m, according to diplomats in Warsaw.

The amount corresponds to a fifth of the $430m outstanding on the 1981 rescheduling agreement.

Western governments also hope that Warsaw will agree to repay another 30 per cent of that sum during the course of the present rescheduling talks in the Paris Club, which started last November.

The decision by the Polish Government, faced by a chronic shortage of hard currency, is not a simple one.

However, despite the weak performance of manufactured goods exports in the first quarter, finding the $86m will be eased by a record surge in coal exports as well as strong copper sales in the first three months.

Recently Mr Zbigniew Messner, the Deputy Premier in charge of the economy, said that Poland hoped to complete the rescheduling talks by the end of this year.

The Government is interested in a renewal of Western credit lines cut off when debt rescheduling talks were suspended by the West as a protest against martial law.

Poland then ceased to repay capital and interest falling due and officially estimated at $2.7bn at the end of 1983.

Meanwhile, overall Polish coal sales abroad in the first quarter increased 45 per cent on the same period last year. With soft-currency exports rising by 12 per cent, hard-currency coal sales in the first quarter reached 6,968m tonnes, an increase of 75 per cent on the start of 1983.

With copper, where sales in the first quarter rose by 13 per cent, coal makes up a fifth of Poland's hard-currency earnings.

However, in a resolution passed after a stormy meeting on Wednesday, Polish exporters warned the Government that "the possibilities of increasing hard-currency earnings by exporting raw materials are effectively exhausted." They called for steps to make manufactured goods exports more profitable.

Hopes for better links with East

By Leslie Colitt in Berlin

EAST GERMANY'S second ranking member of the ruling Politburo, Herr Guenter Mittag, will have talks, today in Bonn with Chancellor, Helmut Kohl which the West Germans hope will lead to further concrete improvements in relations between the two states.

Herr Mittag said yesterday on arriving in West Germany that hise country is prepared to take "futher constructive and realistic steps" to normalise relations.

As the politburo member responscible for the economy, he had discussions at the Hanover Fair with Count Otto Lambsdorff, the Bonn Economics Minister, on expanding trade with West Germany which last year totalled DM 15.2bn (£4bn).

West German officials hope Herr Mittag's talks today will provide a breakthrough in the case of 35 East Germans who have been inside the West German embassy in Prague for weeks. They entered the embassy hoping to be allowed out to West Germany as was the niece of Herr Willi Stoph, East Germany's Prime Minister.

The officials said yesterday that there were "good grounds" for believing the East Germans would be given exit permits in the not too distant future. However, East Germany had indicated that the practice of allowing its nationals in Western embassies to go to West Germany would then be halted.

Some 500 East Germans arrived in West Germany yesterday, bringing those permitted to leave since January to more than 11,000.

This is seen as a warning by the East German security police to other East Germans not to file applications to leave.

Herr Wolfgang Mischnick, parliamentary leader of the liberal Free Democrats, who are allied with Chancellor Kohl's Christian Democrats, said yesterday the number of East Germans wanting to leave the country would fall sharply if they were permitted to travel to the West.

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Bill tabled in Oslo will pave the way for foreign banks

A LONG-AWAITED Bill opening the way for foreign banks to set up subsidiaries in Norway is due to be tabled by the centre-right coalition government today.

Despite last-minute advice to the contrary from the Bank of Norway, it seems that when the measure takes effect, applications to establish such subsidiaries may be filed either by foreign banks or by potential joint ventures between foreigners and Norwegian banks.

Earlier this week, the Bank of Norway wrote to the Finance Ministry urging that, initially at least, permission to set up subsidiaries should be granted only to banks that are 100 per cent foreign owned. It pointed out that the new law was not intended to give the foreign newcomers all the advantages enjoyed by Norwegian banks – such as the right to establish a network of branches around the country. Joint venture banks would, however, be able to get around this by using the Norwegian partner's branch network.

The Bank of Norway move caused concern in at least two Norwegian banks which had already revealed plans to establish joint ventures with foreigners. An Oslo savings bank, Sparebanken, Oslo, Akershus, is considering partnership with the Bank of America, while Rogalandsbanken, a medium-sized West Norwegian commercial bank, recently announced detailed plans to set up a joint subsidiary in Norway with Banque Indosuez, of France.

Today's Bill is expected to be approved by the Storting (parliament) before the summer recess, enabling interested foreign banks to file licence applications during the autumn.

Kevin Done writes from Stockholm: The establishment of foreign banks in Sweden would make a "valuable addition" to the Swedish credit market, Mr Kjell-Olof Feldt, Finance Minister, told the Swedish Parliament yesterday.

Mr Feldt said the question of foreign banks being allowed to open in Sweden was being handled as a priority by the credit market committee, which was expected to make a preliminary report in the autumn. The earliest that legislation could be presented to parliament is spring next year.

● Some 70,000 workers in Norway's heavy engineering and textile industries, and the hotel and restaurant trade, could be affected by strikes and lock-outs from midnight tonight if agreement is not reached today on new pay and conditions.

'Super-Fabius' thrust into front firing line

BY OUR PARIS STAFF

M LAURENT FABIUS, France's youthful Industry Minister, just given the thorny task by President François Mitterrand of organising restructuring of troubled industrial sectors, has plainly been pushed up the government ladder. But if he slips on the rungs, he will have further to fall.

The 37-year-old minister, who has handled the Industry and Research portfolios for just over a year following the downfall of his predecessor, M Jean-Pierre Chevenement, was dubbed "super-Fabius" in the French Press yesterday after his nomination to overall industry supremo.

With special responsibility for Lorraine in eastern France, worst hit by the Government's programme of drastic cuts in steel capacity, M Fabius will be charged with giving depressed regions "the means of re-born again," according to M Mitterand and at his news conference on Wednesday.

In concrete terms M Fabius now has his finger on the button of the government machine in a range of areas stretching from worker retraining, state industrial assistance to promoting business start-ups, and links between companies and universities.

As the head of one of the Government's three "superministries" (along with M Jacques Delors at Finance and M Pierre Beregovoy at Social Affairs), M Fabius already had responsibilities in all of these fields.

But there has been a feeling both within the Government and outside that M Fabius up to now has somewhat passed the buck to other ministers in the painful job of cleaning up loss-ridden industries.

During the past few months, he has managed to side-step public wrangling over job cuts in the vehicle industry and in shipbuilding. Some ministries say he has tarried far too long over the steel sector. He has also been accused from both Left and Right of giving in to union pressure to bail out the loss-hit paper company, La Chapelle d'Arblay, which happens to be based in his parliamentary constituency at Rouen.

While giving credit to M Fabius's success in resolving a number of other tangled industrial dossiers, for instance in chemicals and telecommunications, one government official said yesterday: "Mitterrand has told Laurent he cannot permanently be just the minister for high technology and research. It is time to show that he has guts as well."

M Fabius will now pass to the front line in organising assistance for the 15 Government-designated "distress zones" in depressed regions around the country.

He may thus steal a march on Mr Pierre Mauroy, the Prime Minister, who up to now has been in de facto charge of this dossier. But officials were making clear yesterday that the Industry Ministry will benefit from no special financial dispensations.

Bonn ruling party warns Moscow over Berlin

BY LESLIE COLITT IN BERLIN

WEST GERMANY'S ruling Christian Democrat Party yesterday cautioned Moscow against starting a new "war of nerves" over the Western allied air corridors to Berlin.

It issued a strong statement one day after allied officials in West Berlin disclosed they had protested several times to the Soviet Union over repeated restrictions since late February on allied aircraft using the three air corridors. Moscow justified the restrictions with exercises of Soviet military aircraft in the corridors.

The CDU said Soviet manoeuvres had "no business" being held in the air corridors. It noted if there were no change, it should be made even clearer that "if the Soviet Union were to start a war of nerves over Berlin it would run counter to joint interests in peaceful co-existence."

AP adds from Washington: A U.S. official confirmed that the United States, France and Britain had complained to the Soviet authorities about interference with the air corridors. He said the U.S. does not believe the Soviet action represents any new political pressure on the city.

Mitterrand's hope for Thatcher talks dashed

By John Wyles in Brussels

HOPES THAT talks on Monday between Mrs Margaret Thatcher and President François Mitterrand might pave the way for settling the conflict over Britain's EEC payments evaporated yesterday when it was confirmed that the meeting will not take place.

As a result, it will be up to EEC foreign ministers alone to mount a fresh attempt in Luxembourg on Monday to end the dispute which has been souring relations since the recent Brussels summit and which has denied M Mitterrand the political triumph he has worked hard this year to achieve.

His hints at a Wednesday news conference that he hoped to see the British Prime Minister on Monday created surprise in Whitehall and optimism in Brussels.

M Mitterrand will be attending the inauguration at Culham, near Oxford, of the Community's JET nuclear fusion experimental programme and he may well have thought that Mrs Thatcher would be there.

However, a Downing Street spokesman confirmed yesterday that she could not attend and that it had not been possible to slot a meeting into either leader's programme for the day.

The episode will be seen as another example of the fallible understanding and communication between the two capitals which frequently dogs their efforts to resolve the long-running budget problem.

None the less, there was a strong feeling among senior EEC officials yesterday that a settlement may be close. Even if the foreign ministers do not clinch a deal on Monday or Tuesday, the indications from London, Paris and Bonn are that an early agreement is preferable to allowing the issue to continue to poison the political atmosphere in the run-up to the European elections in June.

Most of the key elements of a complex system for curbing the UK's payments to Brussels for the next few years are ready for adoption.

All that remains is to fix the level of Britain's contribution as a proportion of its gross domestic product together with the rate by which this contribution should increase. If the unadjusted gap between payments to and receipts from Brussels continues to widen.

Brussels offers Athens £20m aid package

By Our Brussels Correspondent

A £20m aid package over five years for Greek agriculture has been proposed by the European Commission as its final response to Greece's demands for special treatment to soften the impact of EEC membership.

If endorsed by member governments, the Community funds would be spent on training 250 officials to improve quality and health controls in agricultural production, and on aids to reduce the costs of transporting fertilisers and other agricultural raw materials to Greek islands.

The Commission has made a variety of proposals in response to the Athens Government's memorandum of March, 1982, seeking both special spending programmes for Greece and exemption from commitments required under the country's accession treaty with the EEC.

By no means all of these proposals have yet been adopted by the Council of Ministers, partly because of the lack of money in the EEC budget

Greek business fury at plan to limit profits

BY ANDRIANA IERODIACONOU IN ATHENS

GREEK TRADESMEN and manufacturers yesterday demanded the resignation of Mr Vassilis Kedikoglou, the Commerce Minister, at a mass protest meeting in Athens in which they called for the withdrawal of a Bill setting ceilings on profit margins, widely revising existing trade regulations and establishing a state import-intervention and export trade agency.

Tho Bill, which tho Commerce Ministry says is modelled on trade practice "in Western countries as well as the Soviet Unioo," has sent relations between Greece's business community and the governing Socialists into an uprcar.

The legislation originally provi led for a state import-intervention agency, EMPO, to modulate prices through the control of supply. The Bill was subsequently amended to give the agency export trade functions.

Two further last-minote amendments introduced new pricing, distributioo aod marketing regulations, as well as profit margin ceilings. According to the Bill these will be worked out on the basis of current interest rates, tax indices, the general state of the economy and inflation.

Businessmeo packing yesterday's stormy and emotional meetiog, hissed, booed aod threatened a mass walkout when Mr Kedikoglou proposed to set up a one-hour-a-day telephone hotline to bis office to discuss problems.

The main speaker at the meeting, Mr Paoos Iliopoulos, president of the Co-ordinating Council of Greek Trade Organisations, accused the Go.·.nmeot of "damaging the digoity aod credibility of the trade sector."

Another speaker drew prolonged cheers when he reminded the aodieoco that Greek merchants had financed the 19th ceotury war of independence from Ottoman rule.

The crowd remained unmoved when Mr Kedikoglou gave assurances that the Bill was not aimed at law-abiding businessmen but only those engaged in illicit trade practics io Greeco's widespread black economy.

Tho loadors of tho meeting later delivored a resolution to Mr Andreas Papandreou, the Prime Minister, demanding the setting up of joint committees to discuss the revision of trade regulations. It also called on the Government to freeze the Bill.

IEA revises oil estimate downwards

By Dominic Lawson

THE International Energy Agency has sharply revised downwards its earlier estimato of first-qnarter oil consumptioo for the Organisation for Economic Co-operation and Dovolopment area.

The agency now estimates that first-quarter consumption, at 35.6m barrels a day was 2.5 per cent highor than the first quarter of 1983. Its initial estimato, made a month ago, referred to a "sharp increase of 5.7 per cent."

The latest figures predict that OECD consumption for the whole year will be 34.5m b/d, which would represent a 2 per cent increase over 1983.

Company-owned stocks are now at their lowest level since the IEA started its measurements in 1975. However tho total stock level is well above the pre-1979 average, because of tho steady increase in government stocks.

The agency estimates that OECD land-based stocks at April 1 totalled 417m tons,

Craxi presses hard for approval of pay law

BY JAMES BUXTON IN ROME

THE ITALIAN Government last night appeared resolved to make a considerable effort to secure parliamentary approval for its decree limiting wage indexation, following the failure of talks with union leaders on possible amendments to the moasure.

Parliamentary leaders of the five-party coalition agreed yesterday to ask Sga Nilde Jotti, the Communist president of the Chamber of Deputies, to apply the procedure for debating the decree which bolds out the best hope of having it approved by April 16 wben it expires.

A meeting on Wednesday night betweeo Sig Bettino Craxi, the Prime Minister, and leaders of the threo main unions made almost no progress. Sig Luciano Lama, tho Communist leader of the CGIL onion whose refusal to make a voluntary agreemeot on wago indexation led tho Government to act hy decree, refused to accept tho concessions the Government offered.

Instead, ho insisted that pay increases lost under the Government's decree ho fully made up soon afterwards.

His attitude drew an angry attack from the CISL unioo, which backs the Government. It claimed that Sig Lama was at the heck aod call of the Communist party, whose strategy was to prove that "oo ooe can govern without making a deal with us."

Sig Craxi, has consistently presented the row over the *scala mobilo* docree, which has gone on for nearly two months, as heing over the Governmeot's right to govern io the face of Communist opposition aod mass demonstrations.

The decreo must be approved by April 16, otherwise it will expire and will have to he presented again. It has already passed the Senate, aod bas gone through the committeo stages in the Cbamber of Deputies.

Much depends on what parliameotary procedure for considering the decree is adopted by Sga Jotti, who faces a particularly difficult choico because of her own party member ship.

Cool response to call for shorter working

BY IVO DAWNAY IN STRASBOURG

TRADE UNION calls for a substantial cut in weekly working hours as tho first step in a European drive to reduce unomployment, met a sceptical response from UNICE, the European Community's main employers' organisation, yestorday.

Dr Guido Carli, the UNICE president, told a European Trades Union Confederation conference in Strasbourg that any reduction would have to bo combined with a marked improvement in productivity.

The minimum employers' requirement for meeting the ETUC's demand for a basic 35-bour week would he the maintenance of production lovels, better use of plant and equipment, no increases in unit costs, and guaraoteed productivity increases, be said.

Later, Dr Carli added that any such cut would have to be co-ordinated across Europo or competing countries would simply take the work from those agreeing to the uoion demands.

"I do not believe there is any chanco of a real reduction in tho near future," he said.

M Pierre Mauroy, the French Prime Minister, opened the conference with a cautious endorsement of the campaign. However he added a oumber of qualifications. Any reduction could only take placo by negotiations between workers and their employers, while the Government's task would be to harness overtime working hours with a threshold oo the maximum allowed per week.

"It would be absurd to opt for any policy on the distribution of work which would interfere with the development of companies and iocrease production costs," be said.

FINANCIAL TIMES CONFERENCE

EEC industry policy attacked

BY ARNOLD KRANSDORFF IN LONDON

THE COMMON Market's industrial policies were strongly attacked by several major European multinationals yesterday, among them IBM, BAT Industries, and National Westminster Bank.

They suggested that restrictive legislation and lack of progress oo barmonisation had contributed towards the progressive drift of international investment away from Europe towards the U.S. and Japan.

Mr Kaspar Cassani, chairman of the IBM computer group, was speaking at a conference on "Multinatiooals and European Integration," organised jointly by the Financial Times and the Institute for Research and Information on Multinationals (IRM), the Geneva-based research organisation funded by the Nestlé Group. Mr Cassani complained that Europe has neither the free market economy of the U.S. nor the investment-led mobilisatioo of Japan.

"Compared with these economic power blocks we face the structural problems of our fragmentation into competing national economies," he said.

Mr Cassani believed that the EEC could capitalise on the growth opportunities presented by the new technologies. But barriers such as the different national standards and the traditional privilege given to national suppliers in the home markets had to be removed first.

Mr Patrick Sheehy, chairman, of BAT Industries, said there was a growing tendency towards nationalism and protectionism in Europe.

Mr Sheehy said that Europe was rapidly being outdistanced by its major competitors and by some smaller nations as well.

Mr Charles Green, a director and general manager of National Westminster Bank, said that progress towards the integration of Europe had been patchy, particularly financial integration.

He said that banks played an essential supportive role in Europe's progress towards full integration –

Earlier, Dr Koji Kobayashi, chairman of the NEC Corporation which specialises in sophisticated telecommunications systems, called for greater co-operation between his country and members of the EEC in developing high technology, particularly in the electronics industry.

Dr Kobayashi said EEC countries had historically been too concerned over the negative effects of new technology and, consequently, were not enjoying the benefits of their pioneering creativity.

OVERSEAS NEWS

President named by Guinean military

By Peter Blackburn in Abidjan

A NEW President of Guinea as well as a 33-member government was announced by Radio Conakry yesterday 48 hours after a bloodless military coup.

The coup came one week after the death of President Ahmed Sekou Toure, who had ruled the country since independence from France 26 years ago.

The country's new President has been named as Col Lansana Conte, commander of the Boke region near the Guinea-Bissau border. He is a Moslem, born at Koya, 50 km east of Conakry, and is a member of the Soussou, one of the country's three main ethnic groups.

Col Diara Traore has been appointed Prime Minister of a cabinet that includes 25 military and eight civilian members. It held its first meeting at Camp Almany Samory, near Conakry airport, yesterday.

The new ministers are mainly young, little-known military officers, according to observers.

The Government contains only one survivor from President Sekou Toure's civilian regime—Mamadou Kababah, the former health minister.

It also includes Commander Abraham Kabassa Keita, a former public works minister, freed Wednesday from Conakry's notorious Camp Boiro prison where he had been sentenced in 1982 to 15 years with hard labour.

The Government's political programme, announced Wednesday, suggested it was both moderate and pro-western, observers said. Reconstruction of the Guinean economy, potentially one of the black Africa's richest, is a top priority. The Government is expected to encourage private enterprise and foreign investment in order to revive the rundown economy.

Meanwhile, seven more officers have been added to the National Military Redemption Committee bringing the total to 25. This appears to confirm the new military leaders desire for collective leadership.

Bahrain Amir for UK

SHEIKH Isa bin Sulman al-Khalifa, the Amir of Bahrain, is to pay a state visit to Britain next week.

Chris Sherwell describes the consequences of world recession and the leader's views

Mahathir contrives a quiet economic revolution

A QUIET revolution in official Malaysian economic thinking over the past three years has been revealed in the Government's review of its 1981-85 economic plan, published last week. The economic circumstances of the country—an oil and gas producer and a major commodities exporter — are changing.

The change is partly due to the impact of the world recession and partly to the single-mindedness of Dr Mahathir Mohamad, the Prime Minister, who came to power in 1981, about his country's future direction.

Persistent questions remain over whether the strategies over Government spending and growth, and the emphasis on heavy industry and on the reform of people's attitudes will work.

The revolution has occurred on four fronts:

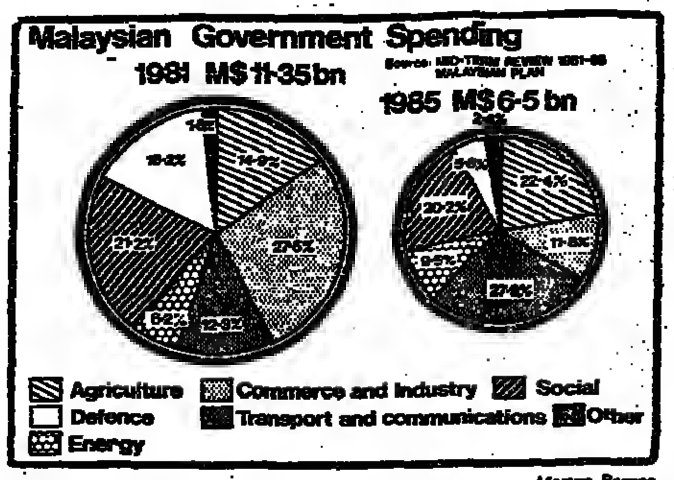
● The 1981-82 strategy of spending more Government money to combat the effects of the Western recession has been reversed. The downturn lasted longer than expected, and by last year it was clear that the Government had increased foreign borrowings at such a rate that repayments threatened to become burdensome.

Without action, Malaysia's excellent credit rating could have been damaged, and its longer-term development objectives undermined; the whole role of Government in curing economic and social ills is now being redefined.

● The Government has recognised that planned growth targets will not be met for 1981-85, and perhaps not even by 1990. The growth targets underpin the country's New Economic Policy which was introduced after Malay-Chinese racial tensions caused riots in 1969. It aims to give bumiputras (indigenous Malays) a greater share in the wealth of the country.

This greater share was to be funded out of economic growth rather than at the direct expense of the local Chinese or foreign business communities, and the policy could falter if growth targets are not met. Annual growth in 1984 and 1985 is projected at an average 6.7 per cent against a plan target of 7.6 per cent, while the bumiputra share of corporate equity is forecast at 21.9 per cent, against a hoped-for 23 per cent and a 1990 target of 30 per cent.

● A sharp shift of emphasis has been made in favour of manufacturing, especially heavy industry and towards exports because of the small domestic market. The review says manufacturing is too narrowly based in electronics, textiles and clothing. Current development of cement, sponge iron, methanol, petrochemicals, urea, pulp and paper and car plants would use Malaysia's natural resources and save foreign exchange, it suggests.



Mertyn Barnes

The Government is promoting manufactured exports on a larger scale and encouraging Japanese-style trading houses to market Malaysian products.

● The drive to reform people's attitudes and to boost the role of the private sector is to be stepped up. The Government wants to reduce its size in the economy, which it says it will do through divesting its interests in services.

Past suggestions for privatisation have included Port Klang authority, which controls the port serving Kuala Lumpur, and the Malaysian Airline System, but the review offers no specific measures. Nor does it suggest anything definite under the "Malaysia Inc" policy which simply exhorts the public and private sectors to co-operate more.

The stated objective of the "Look East" policy—learning from the success of Japan and South Korea—is to encourage work ethics and management practices which stress hard work, loyalty to the enterprise and self-reliance, with the broader aim of raising productivity and efficiency. But the review says little of how contracts awarded to South Korea or Japan have benefited Malaysians by transfer of skills.

Although publication of the mid-term review document marks the first time any flesh has been put on the bones of these Government ideas, the pickings are disappointingly thin. How far they add up to a coherent basis for policy is as much a matter of debate as the difficulties of realising them in practice.

Closer scrutiny of the review also shows how far Malaysia's public finances went off course between 1981 and 1983, when both the budget deficit and external borrowing shot up. Malaysia found itself with its first merchandise trade deficit and overall current account deficit.

Cumulative net foreign borrowings by the Government in 1981-83, for example, amounted to M$13.07bn (£3.96bn), against a planned M$4bn for the whole five years. According to figures published last week by Bank Negara, the central bank, total external debt (covering private and public sectors) amounted to M$31bn at the end of 1983, compared with M$24bn a year earlier, and the debt service ratio was 9.2 per cent, a record high.

Yet for 1984-85, the Government still plans to run an overall budget deficit of M$16.4bn, which will take the cumulative figure for 1981-85 to M$52.7bn, 2.4 times the level originally planned. This means further borrowings on the foreign as well as domestic markets in the coming two years, for which no breakdown is given.

The government is to prune development expenditure from M$10.6bn in 1983 to M$8.9bn this year and M$8.5bn in 1985, but details of how this is to be done are not spelled out. It is clear from the sectoral breakdown that the brunt of the cuts is to be borne by the defence sector, but the text says nothing of it.

In the manufacturing sector, allocations to the economic development corporations of federal Malaysia's component states have been cut, but those for the government's Heavy Industries Corporation and the Asean ammonia-urea project, have been boosted.

How sobering the world recession has really been for the Government is thus unclear. Public finances are under control, but the big worry is over what might happen if the world economy lapses again in the next couple of years. Apart from hitting development again, it would raise even more starkly the question of whether the New Economic Policy goals must be changed.

This is already being discussed privately, with some saying that its expiry date of 1990 should be extended and others suggesting that sacrifices must be made by the Chinese and foreign business communities to achieve the bumiputra objectives. That is a debate, however, that Dr Mahathir would probably prefer to see kept out of the public arena.

Israelis seek ways of reaching terrorists

By David Lennon in Tel Aviv

ISRAEL is intensively seeking ways of combatting the current wave of attacks against its troops in eastern Lebanon and which last Sunday produced a bloody shoot-out in the centre of Jerusalem.

Mr Yitzhak Shamir, the Prime Minister, has warned that those responsible for planning and carrying out Sunday's attack in Jerusalem would be punished, without specifying what form the retaliation will take.

The first people to suffer from Israel's reaction are the residents of the Israeli-occupied part of southern Lebanon. The crossing points on the Awali River have been closed all week, and yesterday hundreds of Lebanese wanting to enter Israel were turned back at the usually open border.

These measures have sealed southern Lebanon off both from the rest of the country to the north, and from Israel from the south. This move was taken after it was discovered that Sunday's attackers had come from Sidon, in the Israeli occupation zone, and had crossed the border into Israel through the regular entry points.

The appointment of retired Lebanese General Antoine Lahad as the new commander of the Israel-backed South Lebanon Militia is another step in Israel's drive to tighten security in Lebanon.

The new commander of the forces founded by the late Major Sa'ad Haddad, hopes to expand the 1,200-strong militia which is paid, trained and equipped by Israel. For its part, Jerusalem is hoping that the now renamed South Lebanese Army will be able to take over some of the policing tasks currently undertaken by Israeli forces.

However, there are still some doubts about how acceptable General Lahad will be to the south Lebanese, especially the Moslem Shi'ite villagers who distrust the fact that he is a Christian from the north of the country.

Nora Boustany adds from Beirut: Two envoys from Mr Amin Gemayel, the president of Lebanon, travelled to Damascus yesterday to discuss security arrangements and seek a Syrian-Lebanese summit meeting.

Syrian President Hafez Assad and Mr Gemayel held their first meeting in Damascus last month, when Lebanon cancelled a withdrawal agreement with Israel - thus fulfilling a long-standing Syrian demand.

Louis Freres reports from Damascus: Mr Rafiq Hariri, the Saudi Arabian intermediary, has arrived in the Syrian capital for talks with Vice-President Abdul Halim Khaddam.

W. African cement plant halted

BY OUR ABIDJAN CORRESPONDENT

WEST AFRICA'S largest industrial joint venture, the cement manufacturer Ciments de l'Afrique de l'Ouest (Cimao) stopped production at the end of March for three months—the latest victim of drought affecting much of the region.

The decision, taken at a recent meeting in Lome by Cimao's government board representing the three member countries—Togo, Ivory Coast and Ghana—was forced by a sharp cut in power supplies from the Akosombo Dam in Ghana.

The water level at the dam is now some 11 feet below the minimum needed to operate the power station's six turbines and is still falling. Electricity output has been reduced to 20 per cent capacity and supplies to Togo and Benin as well as domestic users have been drastically cut.

Cimao, located 80 kms north of Lome, started producing clinker in 1980 to supply the Togolese, Ivorian and Ghanaian markets.

The $284m project was cofinanced by the World Bank, European Investment Bank, African Development Bank and France's Caisse Centrale de Cooperation Economique. The Canadian International Development Association helped finance the railway and electrical works and West Germany the expansion of the port of Lome.

But Cimao quickly ran into technical and financial problems; last year it produced little more than one third its capacity of 1.2m tonnes a year of clinker.

Although economic recession has depressed demand in the three member countries, uncompetitive prices have also been an important factor. Damp local limestone has necessitated double drying and greater energy consumption. Clinker is produced at twice the world price.

The reduction of energy costs by the substitution of coal for electricity is being studied, officials said.

A CFA 12,000m ($30m) restructuring of Cimao, financed by member countries and aid organisations will soon be implemented.

India plans to fence out Bangladeshi immigrants

By JOHN ELLIOTT IN NEW DELHI

INDIA PLANS to start building a controversial barbed wire fence along a 60-mile stretch of its 2,350-mile border with Bangladesh in about four or five months' time.

This has been announced this week in the Indian parliament by Mr P. C. Sethi, the Home Minister, in the most precise public statement that the Government has made on the subject since the idea of building a fence or wall to keep Bangladesh refugees out of India was mooted almost a year ago.

Mr Sethi said a survey is being carried out on 60 miles of the border in the districts of Dhubri, in Assam and West Dinajpur in West Bengal. The survey would take four months to complete and construction work would then start.

The Bangladesh Government, which has never been consulted formally by India about the project, has in the past few days formally complained with a protest note. Until recently Bangladesh doubted whether India would ever actually build the fence.

Mr Sethi said that fencing the entire border would cost $200m plus another $240m for a network of roads, bringing the total cost near to earlier unofficial estimates of $500m.

The Indian Government has come under pressure in its troubled north-eastern state of Assam to build the fence because, it is claimed, up to 100,000 Bangladeshis cross illegally into India every month. Mr Sethi said that they were crossing into West Bengal to the west of Bangladesh and were then going on to the state of Assam.

Tokyo set to increase growth target

TOKYO—The Japanese Government is likely to revise upwards its current official economic growth target of 4.1 per cent in real terms for 1984-85, Mr Toshio Komoto, director-general of Japan's economic planning agency, told Parliament.

He expected rises in private capital investment, and in the current account surplus to more than the $23bn which the Government had forecast.

An increase of $1bn in the surplus would in theory raise real growth by 0.1 of a percentage point, Mr Komoto said. However, he neither indicated how soon the cabinet would revise its 1984-85 economic outlook, originally announced last December, nor what the new growth would be.

Mr Komoto said there should be measures to help boost domestic consumption to check the continuous rise in the current account surplus.

However, the cabinet as a whole remains non-commital about adopting a new economy-stimulating package as it has done in the past few years. Reuter

Pakistan to seek 10% more aid from western donors

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN will request $1.64bn in aid for 1984-85, when Pakistan's western aid consortium meets in Paris on Wednesday.

The request, which includes assistance for development projects and humanitarian aid for nearly 3m Afghan refugees, is about 10 per cent higher than last year's commitment of $1.492bn.

Meeting under the auspices of the World Bank, the aid consortium will consider the Pakistani package which includes aid proposals for medical services, education, energy, social services, industry and communications and transport.

The proposals, which Islamabad has already circulated among the donor nations, cover 239 projects for which finance is sought. The aid is required mainly to cover the foreign exchange cost of these projects.

Pakistan is also expected to urge donors to speed up the disbursement of aid already committed and reduce the proportion tied to particular projects. This has been pressed unsuccessfully over the past two years. Government officials point to the decline in net annual aid inflows over the past few years. After capital and interest payments total aid received last year fell 21 per cent to $774m.

Finance Ministry officials and government planners say they would like to see substantial money made available for import of industrial spares and equipment, as well as raw materials and commodities. As one official put it: "A proper mixing of project and non-project aid is essential both to improve the net aid inflow as well as to avoid an unnecessary build up in the aid pipeline."

Pakistan had set a 6.4 per cent GNP growth target for 1983-84 but this now seems overly optimistic. Serious setbacks to the farming sector mean it is unlikely to surpass 4.5 per cent. The projected farm sector growth of 4.9 per cent has been wiped out almost entirely as a result of a disastrous cotton crop, and smaller production of some other commodities. The setback in the first year of the $37bn sixth five-year plan (1983-1988) will make achieving later plan targets extremely difficult.

At the same time, Pakistan is suffering from domestic resource constraints, with inflation running at an annual rate of around 20 per cent. The Government will have to cut overall public spending and reduce the level of deficit financing.

It will also have to channel nationalised bank credit into more productive areas of the economy by encouraging the private sector to increase investment levels. The private sector has remained stifled since 1971 because of excessive regulation of the economy, political uncertainty, and pampering of the inefficient state sector.

While this is likely to meet with approval at next week's aid donor meeting other aspects of Pakistan's management of its economy are likely to cause some concern.

Pakistan appears to be dragging its feet on IMF and World Bank recommendations for a severe curtailment of subsidies on food and energy and a more liberal import regime. The IMF is understood to be particularly unhappy at Islamabad's failure to adopt such measures.

IMF unhappiness aside, however, officials in Islamabad are confident that the western aid consortium will come very close to meeting Pakistan's request for a 10 per cent increase in aid commitments.

ADB to build $171m HQ

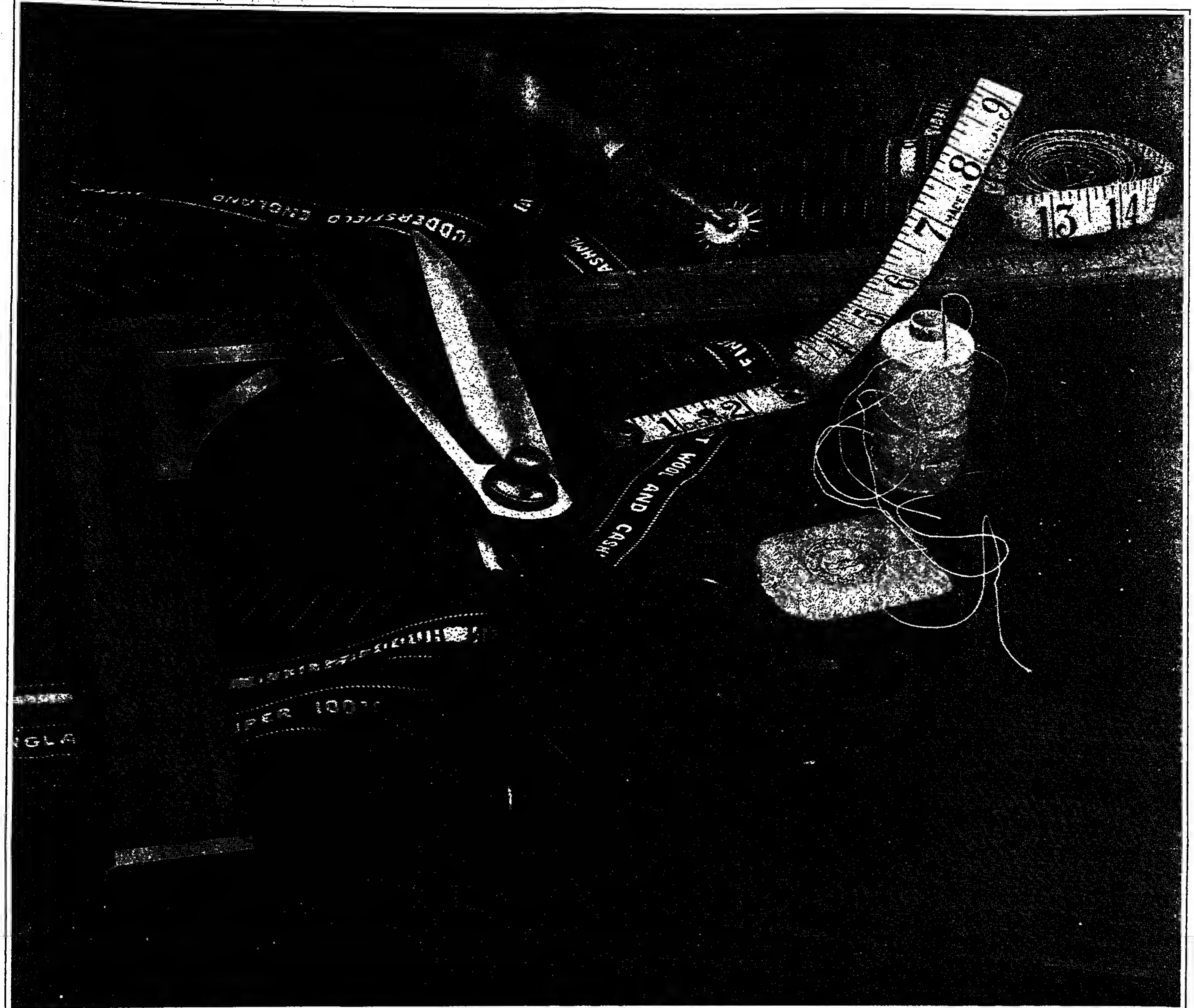
BY OUR FOREIGN STAFF

THE ASIAN Development Bank is to build new headquarters in Manila at an estimated cost of $171m.

Since its foundation late in 1966, the ADB has been based on Roxas Boulevard in the centre of Manila. But the original building, designed to accommodate about 900 people, is "no longer adequate to meet office space requirements," officials said when announcing the decision. At the end of 1983, the ADB employed almost 1,500 people.

The new headquarters, which is due to be ready late in 1987, will accommodate 2,400 people. It will be based on a six-hectare site in Mandaluyong in Metropolitan Manila.

Officials said that rapid expansion of the ADB over the past decade has forced it to put staff in five additional leased buildings. By bringing staff back together in a single location, the bank predicted increased efficiency and considerable savings in operation and maintenance costs.



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Reagan's Central American policies upheld

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan's Central American policies have emerged largely unscathed from more than a week of heated debate in the U.S. Senate, which is expected soon to give formal approval to his compromise request for $62m in urgent military aid for El Salvador.

At the United Nations, however, the U.S. was on Wednesday night obliged to veto a Security Council resolution condemning the mining of Nicaraguan ports by Washington-backed "contra" rebels, after 13 members of the 15-nation council voted in favour of it. Britain abstained on the Nicaraguan-sponsored draft, on the grounds that it was "unbalanced."

In Washington, the Senate twice affirmed the administration's request for $21m in further aid to the contras, after a letter was read from Mr Reagan asserting that "no change has occurred" in administration policy and that the funds were intended only to pressure the Nicaraguan Government into changing its behaviour.

In his nationally televised news conference on Wednesday night, Mr Reagan declined to comment specifically on the mining, but again accused the Sandinista Government of exporting revolution to its neighbours. "As long as they're going to do that, we're going to try to inconvenience the Government of Nicaragua," he said.

The Republican-controlled Senate rejected a Democratic amendment that would have barred the use of the funds for the contras "for acts of sabotage or terrorism." It also defeated a Democratic bid to ban the use of U.S. combat troops in El Salvador or its air space without Congressional consent, except to meet "a clear and present danger" of attack on the U.S. or its citizens.

Mr Reagan's Democratic critics predicted that U.S. combat forces would be fighting in El Salvador within a year if he were re-elected and said that the U.S. was "sliding towards war in the region. Some Democrats, however, agreed with the Republican majority that the resolution sought to place unconstitutional restraints on the President.

The Senate passed only one of eight amendments aimed at restricting the $62m aid proposal. This was a requirement that the aid be halted if the Salvadorean president due to be elected next month is prevented from taking office, or deposed, by a military coup.

Senate sources said that the proposal was intended to protect Mr Jose Napoleon Duarte, the Christian Democratic candidate, who faces a run-off election against Mr Roberto D'Aubuisson, the Right-wing leader.

The aid proposal, however, faces much tougher opposition in the Democrat-led House of Representatives, which will not take it up until after the Easter recess. Mr Tip O'Neill, the Speaker, predicted that there would be "a very hard fight" over the money for the Contras, but said that he expected some funds to be agreed for El Salvador.

Tough bargaining ahead on Argentine debt

BY JIMMY BURNS IN BUENOS AIRES

THE PROSPECT of another round of tough bargaining between Argentina and its foreign creditors over the country's $43.6bn debt loomed yesterday as Sr Bernardo Grinspun, Economy Minister, prepared to fly to Washington today for next week's IMF interim committee meeting.

Sr Grinspun, who will be accompanied by Sr Enrique Garcia Vasquez, Central Bank governor, will also hold talks with Mr Jacques de Larosiere, the Fund's managing director, Mr Donald Regan, U.S. Treasury Secretary, and members of the commercial bank steering committee.

A progress report on Argentina's talks with the Fund last month was leaked here yesterday, indicating that the Government was willing te comply with IMF demands for certain adjustments to Argentina's expansionist economic programme, as a way of bringing the country's spiralling inflation of 436 per cent under control.

ARGENTINA is expected to reaffirm its support for the Contadora group seeking a negotiated settlement te the crisis in Central America, Jimmy Burns writes. Argentine foreign minister Sr Dante Caputo is likely to reiterate support during his visit to the U.S., which starts today. Buenos Aires' position on the Contadora was made clear at the end of Mexican President Miguel de la Madrid's official visit te Argentina. Fereign Ministry officials here have reiterated that all Argentine military advisers to U.S.-backed Nicaraguans rebels based in Honduras have been officially withdrawn, though less than a dozen may have remained as mercenaries.

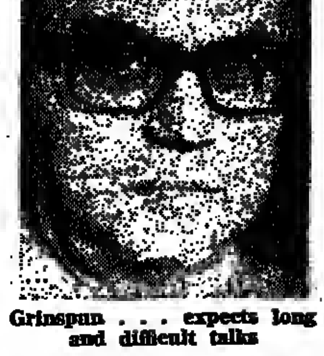
The report, which apparently helped pave the way fer last week's $500m rescue package, spearheaded by the U.S. and four Latin American countries, is in striking contrast to uncompromising attitudes adopted publicly by Argentine officials.

Nevertheless, Sr Grinspun will insist that no final agreement is signed with the IMF unless the Fund also demonstrates some flexibility, despite the country's creditors pressing for a swift IMF debt renegotiation package. Although both sides have agreed to a budget deficit equivalent to 8 per cent of gross domestic product in 1984, differences persist as to how the deficit will be covered.

If there is no breakthrough within the next 30 days, the $200m lent by the four Latin Amedican countries will be converted into advance payment for Argentine imports—thus reducing the need for the bridging loan of $300 offered by the U.S. once Argentina reaches agreeent with the Fund.

Yesterday Mexice, one of the signatories of the package, signed a trade agreement with Argentina promising to purchase a minimum of 1m tonnes of grain this year.

Andrew Whitley adds from Buenos Aires: A senior official of the Brazilian central bank acknowledged yesterday that the "spread" being charged Argentina on its new $500m bridge loan—in which Brazil is participating with $50m—was a little high. The rate is 1 per cent above the London interbank offered rate for a fixed 30-day term.



Grinspun . . . expects long and difficult talks

However, Sr Jose Madeira Serrano, the External Affairs Director of the central bank, defended the charge as "irreproachable." He said it had been reached through a consensus between the four Latin American lenders and Argentina, and reflected the lending countries' own cost.

U.S. acted 'to keep Latin America creditworthy'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE U.S. Administration's decision last weekend to guarantee an emergency loan to Argentina was intended to prevent a downgrading of creditworthiness throughout Latin America, Mr Beryl Sprinkel, the U.S. Treasury Under-Secretary, said yesterday.

In an interview with the Financial Times, Mr Sprinkel denied that his major worry had been the sharp decline that U.S. banks' declared profits would have shown if Argentina failed to pay its debt interest on time. He said: "Our concern was net the profits of the banks but the stability of the international monetary system."

Mr Sprinkel also made it clear that the U.S. Administration would under no circumstances agree to additional funding for the World Bank's soft loan arm, the In'ernational Development Agency (IDA) beyond what had already been agreed.

He said the funds available to the IDA ought to be enough to cope with the "desperate" financing needs of the poorest countries, mainly in Africa, but in any case the Administration was unwilling to promise more aid than that likely to be agreed by Congress.

Mr Sprinkel said he was reasonably confident that the measures now before Congress would result in a rednction of $150bn to $180bn over a three year period in the U.S. federal budget deficit. This would enable the Administration to talk in terms of deficits of $100bn rather than of $200bn as at present, he said.

Although Mr Sprinkel believes that there is little or no evidence to link current high interest rates with the level of the deficit—and welcomes the fast rate of recovery of the economy — he believes that in the longer run high deficits would crowd ont private investment.

On the subject of the recent talks with Japan over the question of opening up banking and financial markets, Mr Sprinkel said the Administration's main motive had been to improve the efficiency of the markets.

Such measures would have the effect of strengthening the international value of the yen, because there would be increased demand for yen-denominated bonds and other financial instruments, he said. A stronger yen would be an advantage to the result of the world because it would reduce protectionist pressures against Japanese imports.

Budget package rejected by House

By Stewart Fleming in Washington

THE HOUSE of Representatives has voted to reject President Reagan's 1985 Budget and is moving towards approving a package sponsored by the Democratic Party leadership which would aim to reduce federal budget deficits by some $182bn over the fiscal years 1985-87.

House action on the first budget resolution is expected shortly, probably before the end of the week. But Congressional officials say there is still a long way to go before deficit cutting proposals could become law. Moreover, even the $182bn package now expected to clear the House would still leave the U.S. facing prospective Federal budget deficits of just over $180bn in 1987, according to an an analysis of the Democratic package prepared by the Congressional budget office.

The first budget resolution which the House of Representatives is expected to approve is a non-binding one which is of more symbolic than legislative significance. The actual spending and tax decisions have to be drawn up in the various house committees and signed into law by the President.

Even before that can happen, however, the Senate has to prepare its own budget proposals and these would have to be reconciled with those drawn up in the House. So far, the Senate, which is Republican - controlled, has been making less progress than the House, although it has been attempting to streamline the budget process so that its decisions could be implemented quickly.

Senate staff officials say that at present the odds favour approval of what has become known as President Reagan's "rose garden" budget, which the President and Republican leaders announced at the White House last month. It calls for budget cuts of $150bn over the fiscal years 1984 to 1987.

The White House claims that the package would trim the Federal deficit to $143bn by 1987, but the independent congressional budget office has estimated that the deficit would still be $198bn in that year, even if the President's proposals are enacted.

Tass condemnation of chemical weapon plan fails to deter Reagan

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan intends to press ahead with his proposal for a complete worldwide ban on the production and use of chemical weapons despite yesterday's initially dismissive response from the Soviet Union, Washington officials said yesterday.

In a first Soviet reaction to Mr Reagan's proposal, unveiled in his nationally televised news conference on Wednesday night, the Tass news agency condemned the initiative as "no more than a propaganda trick." It was intended to justify Washington's programme for "an accelerated buildup in its arsenal of chemical weapons," Tass said.

Reagan Administration officials said, however, that the American initiative was intended to build on a recent proposal by Mr Konstantin Chernenko, the Soviet leader, to ban chemical weapons in Europe. Moscow might be interested in preventing the spread of chemical weapons in the same way that it had co-operated in limiting the spread of nuclear weapons, they said.

The Administration said that it has also detected some signs of easing in Soviet resistance to U.S.-proposed verification measures, the issue on which previous talks between the two superpowers broke down in 1980. Soviet officials have said recently that there could be regular inspection of "declared" chemical sites, although it is thought highly unlikely in Washington that Moscow will accept the "right to look" at other sites which the U.S. is seeking.

Potential difficulties over verification were underlined by yesterday's Tass statement, which said that Mr Reagan was in fact intending block agreement by proposing "methods of control and verification designed to be unacceptable."

While Mr Reagan gave no details of his verification plan, saying only that it would be "bold and sound," Washington officials said that some kind of mandatory on-site inspection would be necessary. Mr Reagan's Wednesday announcement was reported to have been held up by a sharp internal Administration debate over how stringent the verification measures should be.

Another official pointed out that it was particularly significant ... Mr Reagan was sending Vice President George Bush to Geneva to present the proposal to the United Nationals Disarmament Committee, as it was Mr Bush who last year had to use his casting vote to break a Senate deadlock in favour of resumed chemical weapons production.

David Buchan adds from London: The Soviet Union seems to have decided to await the result of the U.S. presidential election in November before deciding whether to rejoin nuclear arms talks. But on chemical weapons in particular, Mr Bush, speaking in a satellite television interview with European-based journalists said that such Soviet delay would be irrelevant. The Reagan Administration position on chemical weapons had bipartisan support and would not be changed by the election outcome, he forecast.

Rise in U.S. car sales

BY TERRY DODSWORTH IN NEW YORK

THE RAPID growth in U.S. car sales continued in March as the two leading manufacturers, General Motors and Ford, achieved gains of 28 per cent and over, but there were some signs of a slackening of the pace in the final 10 days of the month.

The figures show that sales of U.S.-made cars rose by 26 per cent from a year ago to 756,000 units, and were up by 15.4 per cent on the February total.

On a seasonally adjusted basis, however, sales for the month represented a slowdown from the rapid pace of growth in early part of the quarter, and suggests an annual total of 7.9m units, against the February rate of 8.5m.

Analysts are so far reluctant to read too much into the March statistics, when buying patterns may have been distorted by exceptionally unseasonal weather.

ECGD export insurance fees to rise by 5%

BY CHRISTIAN TYLER, TRADE EDITOR

BRITISH exporters will be charged a modest 5 per cent general increase in insurance premiums despite a fast-mounting cash deficit at the Export Credits Guarantee Department.

The ECGD said the new charges were the "lowest possible" needed to keep the department self-supporting over the longer term. Other export credit agencies have sought or applied for much bigger increases this year, with announced rises of 20 per cent and more in Japan and Italy.

The ECGD's cash deficit, the first in over 30 years, is estimated to have reached about £40m at the March 31 year-end, and could climb to £100m by the end of 1984. Claims paid were a record £617.8m in the 11 months to end-February and could total at least £650m when the final account is made, compared with £384m in 1982-83.

The Department claims assets of £862m, most of them locked up in central banks abroad after a year in which it has had to face debt rescheduling by 26 countries.

It is now paying interest of around 10 per cent on its overdraft with the consolidated fund, whereas formerly it was deriving up to one-third of its income from interest on its cash reserves.

Yesterday's premium changes will raise about £25m a year, but the ECGD is under no statutory obligation to get quickly back into the black. The cash deficit is expected to persist for at least two years.

But its length and depth will depend on the success or failure of current refinancing programmes for countries in Latin America and for Nigeria, where payment is overdue on up to £800m worth of insured British exports.

The 5 per cent increase announced yesterday will be applied immediately to new applications for buyer credit and specific guarantees and from July 1 to comprehensive policies.

Premium surcharges of 50 per cent will be plied more widely to cover all risky markets in the ECGD's "C" and "D" category countries. Nearly 150 countries, accounting for over half the ECGD's total £22bn commitment, are in this bracket.

Overall, the department expects a premium revenue increase of 8½ per cent.

● The ECGD said agrement had been reached with Iraq on implementation of a £250m credit facility for purchase of British capital goods outlined by the UK-Iraq joint commission last October.

Washington 'hampered in trade with China'

WASHINGTON — The National Council for U.S.-China Trade has told congress that the U.S. is less than competitive with Japan, West Germany and France in trade with China, because of more restrictive U.S. guidelines on technology transfer.

Mr Roger Sullivan, a former diplomat and now executive vice-president of the China Trade Council, said U.S. industry stands to lose $8bn (£5.7bn) over the next few years if U.S. companies are not permitted to do business with China in the nuclear field.

"If we conclude a nuclear co-operation agreement with China this year, we have an excellent chance of selling $1.8bn worth of reactors in 1984," he testified before a joint hearing of the House Foreign Affairs sub-committees on Asia and the Pacific and on international economic policy and trade.

"If we fail to conclude an agreement, some other country will make those sales. It's that simple."

The U.S. and China have disagreed over whether the U.S. should have control over disposal of spent nuclear fuel. The U.S. has said the fuel could be used to build atomic weapons.

Mr Sullivan said China also intends to purchase a direct broadcast satellite system and related items. But U.S. controls are more restrictive than the major competitor in this area, West Germany.

Mr Sullivan said the U.S. had nothing to gain by being more restrictive than its competitors.

The Reagan Administration would like to complete a nuclear co-operation agreement with China before the President's official visit to Peking late this month, but some details are unresolved.

The Defence Department meanwhile has been given the authority to approve licences for the export of high technology items with dual civil and military uses.

AP

SINGAPORE MASS-TRANSIT SYSTEM

Decision on rolling-stock contract deferred

BY CHRIS SHERWELL IN SINGAPORE

A DECISION on the huge rolling stock contract for Singapore's S$5bn (£1.6bn) Mass Rapid Transit metro system has been unexpectedly deferred until next week pending final clarification of terms from at least two of the three bidders.

The delay in awarding the contract, which is worth up to S$500m (£172m) and the biggest of the project, is an indication both of its importance and of the strong competition between the British, Japanese and Swedish-led consortia.

Although the MRT board met on Wednesday to reach a decision in principle, announcement of the winner is still expected before the end of next week.

It is likely to include the names of subcontractors for propulsion systems, brake systems and other elements, and also to be for the full number of 396 cars.

The three main contenders are:

● Britain's Metro-Cammell, teamed with a local partner, Singapore Automotive Engineering, a government-owned defence industry corporation;

● A four-company Japanese consortium led by Kawasaki, which may also take on a local partner, National Iron and Steel Mills;

● Asea of Sweden, in partnership with Singapore's Sembawang Shipyard.

The battle among the three has emerged as one of the most exciting and hard-fought contests for a big manufacturing contract ever seen by Singapore's business and banking community.

It now seems clear that the Japanese and British bids have the edge over the Swedes, partly because Asea planned to do much of the work itself, and in Singapore, which would have added to costs.

Both the Metro-Cammell and Kawasaki tenders have offered the MRT Corporation similar options for the subcontracted work, which actually forms the bulk of the contract.

But it is widely believed that the Japanese group has put in the lowest cash offer—a reflection, presumably, of its greater efficiency in the production of the full number of cars and of the advantages of Japan's lower inflation rate in a fixed-price contract.

However, such aggressiveness is only likely to give the group a decided advantage if the MRT board puts price above other considerations such as experience, management, the transfer of technology or even language.

No one but the MRT's executive committee, which makes the recommendation on the contract, knows the true balance of priorities or what counts as a significant price advantage.

The two bidders are now expected to be called back to meet senior MRT officials next Tuesday.

Technical matters are thought not to be on the agenda, and further price reductions—about which speculation is rife—seem unlikely, if only because the contractors have now pared costs to the bone.

Among the alternative subcontractors offered by both the Japanese and British are Mitsubishi Electric and GEC to supply the propulsion systems. Mitsubishi are favourites because of new technology they have installed and used in Tokyo, and this could help Kawasaki's bid more than Metro-Cammell's.

Meanwhile, two smaller electrical and mechanical contracts worth tens of millions of dollars are due to be announced tomorrow. One, for equipment for the 22kV supplies at substations providing the MRT's power, has Maidensha Electrical Manufacturing Company of Japan as favourite over BBC Brown Boveri of Switzerland.

The other, for cables for all electrical and mechanical equipment between substations and in tunnels, has boiled down to a contest between Dainichi-Nippon Cables and Mitsubishi Corporation, on the one hand, and Hitachi Cable and Marubeni, also of Japan, on the other.

EEC widens quotas for Peking's textile goods

BY PAUL CHEESERIGHT IN BRUSSELS

THE EEC is lifting its import quotas for Chinese textiles by an average of 10 per cent across a range of cotton and synthetic products, subject already to strict limitations.

The increase is part of a protocol to an EEC-China textiles agreement which runs until the end of 1988. The protocol was negotiated in Peking at the end of last month by the European Commission. Broad outlines of the new accord were announced yesterday.

The average 10 per cent increase covers imports for this year over 1983 imports. After that growth of up to 0.7 per cent a year is permitted under the protocol.

The products include T-shirts, trousers, blouses, cotton yarn and cloth, and synthetic yarn and cloth. These items are considered as "sensitive" and increases in Chinese sales are unlikely to be welcomed by the European industry.

The EEC maintains a global import ceiling for all items of this type and the Commission negotiators agreed the 10 per cent increase under that ceiling.

Precise figures have not been released for import tonnages, so the Commission has not yet informed the Council of Ministers of the results of its negotiations.

But the increased sales this year will be spread around the Ten, although China is understood to have wanted to concentrate sales particularly on the West German market.

Commission officials said that the new protocol was a balanced arrangement. The increased quota, they said, had to be set against the fact that China had made a concession in accepting fresh import restrictions on dresses, work garments, undergarments, artificial fibres and tracksuits.

Air India decides on orders soon

BY JOHN ELLIOTT IN NEW DELHI

AIR INDIA is expected to decide within a month whether to buy Boeing or Airbus aircraft to re-equip its passenger fleet as part of orders totalling more than $2bn (£1.2bn) which it and Indian Airlines are expected to place for the next five years.

Price reductions and other concessions worth up to 15-20 per cent of the price of the aircraft have been offered to the two airlines by the aircraft companies in a tussle to win orders which could lead to follow-on sales until the end of the century.

The decisions are highly political and will ultimately be taken in the office of Mrs Indira Gandhi, the Prime Minister, who it is believed has received strong and influential representation from President Francois Mitterrand of France to ensure that the Airbus receives a substantial slice of the business.

That pressure, and other factors, have led to persistent rumours in Delhi that ultimately the orders will be split, with Air India buying the Airbus A-310 and Indian Airlines the U.S.-built Boeing 757.

Financial packages with soft loans and other credits covering up to 90 per cent of the cost have been offered. Unusually generous fringe arrangements, said to be up to two or three times as large as usual, have been added.

These include offers to buy back, convert or renovate older aircraft already in use, to train staff and in the case of Air India, to reduce the price of extra aircraft to be added to its existing Boeing fleet.

Decisions were originally expected earlier this year.

Air India is thought to want six to 12 aircraft initially. It has been choosing between the Boeing 767 and the Airbus A300-A310.

The Boeing is favoured by some experts because it has a longer range, but this is not important on the Middle East routes where Air India will initially use the aircraft. The Airbus is believed to have been backed up with specially favourable financial terms.

Indian Airlines, which is likely to spend $1bn over five years, is now considering a decision which will involve either a Boeing, which could have Rolls-Royce or Pratt and Whitney engines, or the General Electric-powered Airbus.

French carbon fibre link

BY DAVID MARSH IN PARIS

PECHINEY, the French nationalised aluminium group, is joining the state-controlled oil company Elf Aquitaine and Toray of Japan in setting up a joint venture to produce carbon fibres in France.

Pechiney and Elf will each hold 32.5 per cent of a joint company called Soficar, 35 per cent owned by Toray, which will start production at Abidos in the Pyrenees next year at a total investment cost of FFr 180m (£15m).

Elf and Torey had already agreed collaboration in the venture, which will produce 300 tonnes a year of carbon fibres for high performance uses such as the aerospace industry, and employ around 100 persons.

Pechiney at the end of last year announced it was abandoning a separate project to manufacture carbon fibres in association with Hercules of the U.S.

This was because growth in European markets for carbon fibres has fallen to around 20 per cent a year from the 40 per cent anticipated a few years ago.

U.S. angry at Japan communications move

BY JUREK MARTIN IN TOKYO

THE U.S. is prepared to protest vigorously at the Japanese Government's decision, reached on Wednesday night, over the regulation governing the operation in Japan of sophisticated computerised' communications networks.

The nub of the U.S. objection is the feeling that Japan has "pulled a fast one" in requiring that large-scale systems of the so-called VAN (value added network) type will be subject to an approximate licensing system, while smaller operations will be under less stringent controls.

A U.S. Embassy official yesterday did welcome the fact that the Japanese decision, a compromise worked out between the government and leaders of the ruling Liberal Democratic Party, imposed no formal controls on the entrance of foreign concerns into the domestic VAN market.

But he insisted that this was outweighed by the fear that the regulations, to be administered by the extremely conservative Ministry of Posts and Telecommunications (MPT) might well be applied in such a way as to minimise non-Japanese participation in what is reckoned to be a lucrative new market for communications hardware and software.

The long running, and immensely complex, dispute over VAN—which constitutes a major part of the equally vigorous debate over the denationalisation of the telecommunications monopoly, NTT—has essentially pitted the MPT against, in this case, the more liberal philosophy of the Ministry of International Trade and Industry (Miti), which has espoused the view that controls should be all but removed.

The prevailing view in Tokyo yesterday was that MPT, not Miti, had won the fight on points, if not by a knockout.

This puts Miti, long considered the undisputed architect of Japanese industrial policy, in the unusual position of having lost two major battles in quick order.

Though the U.S. unhappiness may not be sufficient to redress this week's decision, it does come at a time of considerable tension in bilateral commercial relations.

The U.S. has begun to threaten Japan with retaliation (i.e. that Japanese concerns in the U.S. will be treated in the same way as U.S. companies are in Japan).

It will undoubtedly point out, again, that Japanese manufacturers of telecommunications equipment have greater access to the decontrolled U.S. market than appears likely to be the case in Japan.

In effect, what the Government, subject to Diet approval, is now proposing is that what are defined as B-type VAN services (that is, not general carriers and using leased communications circuits) be divided into two.

These are nationwide operations, capable of handling more than 1,200 kilobits of information over more than 500 lines, and intra-business group networks.

It is the former which is to be subject to what is officially characterised as a notification system akin to licensing, and the latter which would be more free.

German yard wins refit of P&O liner

BY ANDREW FISHER, SHIPPING CORRESPONDENT

P & O CRUISES of the UK will send its luxury Sea Princess vessel to a West German yard for its annual refit later this month because it quoted a lower price than the UK yard which usually carries out the work.

The decisioo to have the £750,000 refit carried out by Hapag-Lloyd, in Bremerhaven, was immedistely condemned by UK trade union leaders. Cunard caused a furore in autumn when it chose the same yard to fit a special all-weather deck cover oo the QE2.

Mr Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions, described the P & O decision as "unpatriotic and a slap in the face for British workers."

The UK yard, which has lost both the Cunard and P & O cootracts is Vosper Shiprepairers, the Southampton subsidiary of state-owned British Shipbuilders. P & O has previously had all its UK-based ships, including the Sea Princess, Uganda, and Canberra, refitted in Britain.

The Vosper price for the two weeks' work on the 28,000 ton Sea Princess was around 15 per cent higher than that quoted by Hapag-Lloyd, which has just merged with the Bremer Vulkan shipyard in Bremen as part of a restructuring of the German shipbuilding sector.

In October, P&O cancelled most of the scheduled refit at Vosper of its flagship Canberra because of fears that work would be disrupted by industrial action over British Shipbuilders' insistence on more flexible working practices at its yards.

Cunard took the QE2 to Germany for different reasons. Vosper has been carrying out £9m worth of outfitting work on a new yacht for the Saudi royal family and could not fit the Cunard ship into its schedules. This contract is due to be completed in a few weeks' time.

Because of its commitment to the Saudi order, British Shipbuilders promised the Saudis that Vosper would be kept open until the middle of this year. The state group is withdrawing from the repair sector and recently handed over its major Tyne side ship repair yard to the local management.

Competition for the Sea Princess order comes against a background of over-capacity in the industry, with European yards fighting hard for new business.

P & O went to other UK yards on Tyneside and Humberside, and found that facilities were too small, or that tides would not permit the ship to enter at the end of this month when the refit starts.

It also obtained quotations from yards in Rotterdam, Le Havre, and Antwerp. Asked whether the Hapag-Lloyd yard could make money on its refit price, Mr Eckbard Knoth, managing director, said: "We always hope so. That's to say when the ship has left and the bill's beeo settled."

Herr Knoth said work at the yard also included a much bigger contract – the £5m conversion of a Russian ferry to take more passengers.

The German yard will also refit a Norwegian ship, Royal Viking Sky, in May. The Canberra, soon to be displaced as P & O's cruise flagship by the Helsinki-built Royal Princess, is due for a refit in the autumn.

Miners in vote to ignore picketing

By Our Labour Staff

MINERS' leaders in Nottinghamshire, Britain's second biggest coalfield after Yorkshire, yesterday voted to continue to work. Their decision overturned a ruling earlier this week by the area's union executive that picket lines should not be crossed.

Of the 40 pits still working normally in Britain in a miners' strike over pit closures, 25 are in Nottinghamshire. The decision yesterday by area delegates – by 186 votes to 72 – is a blow to attempts by the National Union of Mineworkers (NUM) to make the stoppage total. There was anger among militant miners who had gathered to lobby the delegates and four were arrested.

Another 29 miners were arrested on picket lines outside the British Steel plant at Port Talbot, South Wales. About 600 pickets had tried to block the entrance.

Mr Ian MacGregor, chairman of the National Coal Board (NCB), in a newspaper article yesterday criticised the NUM for presenting the NCB's aims for the industry as "vicious butchery" destined to "throw miners by the thousand on the scrap heap."

He said: "It is the same cruel deceit which has kept convoys of flying pickets on the roads night and day throughout the coalfields, carrying a false message in the hope of persuading the balloted miners to give up their right to work."

Area ballots, where held, have been mostly against a strike. The NUM's executive will meet next Thursday when there will be pressure from moderates to call a national ballot.

Michael Donne finds the aviation industry braced for further intense competition

Turbulent summer ahead for UK airlines

EVEN BEFORE the Civil Aviation Authority (CAA) has drawn up its preliminary proposals for a reorganisation of UK civil air transport, at the request of Mr Nicholas Ridley, Transport Secretary, it is clear that the coming summer will be a difficult one for the UK airlines.

Events of recent weeks all point to an intensification of competition, not only on domestic routes, but also on selected international ones.

In Britain, British Midland Airways has won rights to compete with British Airways (BA) on the Heathrow (London) to Belfast route, as well as on the trunk routes to Glasgow and Edinburgh. British Air Ferries has won the right to compete with BA on the Jersey-Edinburgh/Aberdeen route.

On international routes, Virgin Atlantic Airways has just won the licence for a cheap-fare service between Gatwick and Newark (New Jersey), upsetting British Caledonian, which has plans to revive its own long-moribund operations on the Gatwick-Kennedy (New York) route.

BA has appealed to the Secretary for Transport against the award of a route licence to British Caledonian (BCal) for flights to Riyadh in Saudi Arabia and other Gulf points, which BA claims is "a self-inflicted wound" on UK civil aviation.

Another bitter fight is in prospect when later this month, British Midland appears at a public hearing before the CAA in London to argue in favour of being given direct Manchester-New York route rights (it already has such rights via Glasgow). British Midland is also asking that such rights held by BCal and BA between Manchester and Prestwick (Ayrshire, West Scotland) and New York be rescinded, on the grounds that those airlines do not use them.

While all this is happening, BA itself is preparing for privatisation, some time in 1985. It is not unhappy about that. With some £250m operating profit in the financial year just ended, Lord King, chairman, feels that BA can make a success of privatisation – but only if the airline is left intact and not carved up to meet what he regards as the unjustifiably voracious demands of the independent airlines.

BCal has requested a "route reallocation", in which some £200m of BA's routes, and the appropriate aircraft, should be passed over to it in return for cash. At the same time, other independent airlines are increasingly moving into BA's preserves, seeking new chances to compete.

These are only some of the major examples of what has now become a constant fight in the UK airline industry between BA and the independents to win new routes, or to improve the quality of operations on existing services, in the struggle for traffic.

So far as the air traveller is concerned this battle can only be beneficial, in that the increased competition between airlines helps to bring down fares and improve the quality of services.

The classic example of how the travellers' lot can be improved has been the introduction of the Super Shuttle by BA, in response to the severe inroads made on the original Shuttle operations on the Scottish trunk routes by British Midland.

While BA itself feels strongly that it is the prime target for attack – inevitably, because it is the biggest single operator in UK air transport – the independents are not averse to attacking each other.

It is to try to bring some coherence to what has become a confused situation that the CAA – itself often the target of bitter abuse because of its decisions – is trying to put together a new policy for civil aviation, at the request of Mr Ridley.

The CAA sometimes feels bruised, because many of its decisions automatically go to the minister on appeal, and in an increasing number of cases, he overturns them.

One example was the original British (pre-Virgin) Atlantic Airways plan for an all-business class operation across the Atlantic. This was rejected by the CAA, which was ordered by Mr Ridley to rehear the plan. It still has to do so, having concentrated first on the airline's cheap-fare plan.

What the CAA now has to do is to take all the airlines' views on reorganisation, submitted to it earlier this year, and try to refine them into a set of proposals that will provide not only for increased competition both at home and overseas, but also take account of the independent airlines' fundamental desire for bigger individual shares of the overall UK air transport effort.

The CAA does not want to see "deregulation" on the U.S. pattern, with a confusing free-for-all developing on UK internal air routes. It feels that such a situation would result in many airlines mushrooming into existence and dying just as quickly, with possible consequences for air safety because of the limited financial resources many of them would have. Most of the major airlines do not want to see such a situation, either.

Somehow, the CAA has to steer between ensuring increased competition while preventing all-out deregulation, and at the same time keeping everyone reasonably happy – and that includes not only the airlines, but also the civil servants in Whitehall and the politicians in Westminster.

It is moving cautiously. Later this month, it will present its preliminary proposals to the industry in the form of a "consultation paper," to which it will invite responses.

Ruling reserved on miners' pension fund

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

JUDGMENT was reserved yesterday in the High Court dispute over the investment strategy of the £3bn mineworkers' pension fund.

The case was brought by the National Coal Board's trustees of the fund after the trustees from the National Union of Mineworkers (NUM) refused to approve the 1982 investment plan.

At the end of the eight-day hearing, Mr Arthur Scargill, president of the NUM, pleaded for a ruling which would enable the five union trustees of the fund to act in a way which they believed to be in the best interests of the fund.

Mr Stan Stamler, QC, for the coal board, said the central issue was not whether the fund should have any particular level of overseas investment. It was whether there was to be an embargo on any overseas investment.

Unesco told Britain may withdraw

BRITAIN yesterday gave a warning that it might withdraw from Unesco (the United Nations Educational, Scientific and Cultural Organisation) unless there "were significant indications" of an improvement in its operations by the end of this year.

The warning was contained in a letter sent by Mr Timothy Raison, Minister for Overseas Development, to Mr Amadou Mahtar M'Bow, Unesco's director-general.

The U.S. announced at the end of 1983 that it would withdraw from Unesco at the end of this year. Since then, a number of Western Governments have called for reforms. Britain contributes £5m a year to the organisation's budget.

Mr Raison said there was unease about the political aspects of "certain programmes."

● **W.H. SMITH**, the newspaper, books and stationery retailer, is entering the business computer software distribution market. It has set up a joint venture with Softeam, the large U.S. software distribution company.

● **NATIONAL SEMICONDUCTOR** of the U.S. is planning to set up new offices at Swindon, Wiltshire, which may create up to 200 jobs. The company is moving part of its European marketing operations and the entire product distribution department from Munich. This follows the decision last month to build a £100m semiconductor plant at Greenock, central Scotland.

GM takes over as biggest car importer

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS (GM) overtook Ford to become the leading car importer to Britain in the first quarter of 1984. GM's imports increased by 91 per cent, from 31,722 vehicles to 59,440 compared with the same period in 1983. GM's imports accounted for 16.82 per cent of total UK car sales, Ford's for 11.96 per cent.

Although GM car sales were a record in the quarter, the number of UK-assembled cars in the total fell from 37,017 to 25,587.

The statistics show why the UK Government has become increasingly concerned about GM's car import policy. GM chairman Mr Roger Smith met Mr Norman Tebbit, Trade and Industry Secretary, on Wednesday for what the Department described as "wide ranging discussions."

Mr Tebbit almost certainly pressed Mr Smith to make sure that GM's Vauxhall-Opel subsidiary builds more cars in Britain.

Vauxhall-Opel's UK car market share soared from 13.6 per cent to 18.89 per cent in the first quarter and this enabled it to overtake BL, the state-owned group which ended the quarter with a market share slightly ahead from 18.12 per cent to 18.55 per cent.

GM's growth was mainly at the expense of its U.S. rival Ford. In the first quarter, Ford's volume fell by 23,155 or 14.5 per cent while its market share slipped back from 31.88 per cent to 26.14 per cent.

Ford said yesterday that, while it was not satisfied with its performance so far this year, it was not too dismayed since both Vauxhall-Opel and Austin Rover, BL's subsidiary, had had substantial dealer incentive schemes operating in the first quarter.

Finance for heat study

BY MAURICE SAMUELSON

THE GOVERNMENT yesterday offered to finance detailed studies of *schemes to heat the centres of large* UK cities with waste heat from power stations.

Three cities in England, Scotland and Northern Ireland are to be offered £250,000 each, covering up to half of the cost of engineering studies. The schemes would involve laying hot water mains beneath city streets and possibly the construction of special power stations.

Mr Peter Walker, Energy Secretary, said in a House of Commons statement yesterday that he envisaged schemes being developed only where there was a significant private sector participation.

It has been estimated that waste heat from power stations is sufficient to heat every home in Britain.

David Fishlock reports on a marathon nuclear inquiry

Why Britain may be forced to bank on coal for energy

BRITAIN MAY have to build more coal-fired power stations, even though nuclear stations would make cheaper electricity, because it cannot win public approval for new nuclear plants fast enough.

That is the view of Mr John Baker, of the Central Electricity Generating Board (CEGB), as the public inquiry into plans to build a pressurised water reactor (PWR) at Sizewell, on the east coast of England, enters its 212th day. The inquiry seems likely to stretch beyond the end of this year, which would make it the longest UK public hearing on record.

Fresh CEGB plans for managing the Sizewell project including the PWR of U.S. origin, are about to be put to the inquiry. They include a new safety and systems group, organised specifically to manage the CEGB's end of what the inquiry has publicly revealed as a tortuous and clumsy UK nuclear licensing procedure.

Overall, the changes are designed to meet the sharp criticisms of Sir Alastair Frame of RTZ, who was called in last autumn by Sir Frank Layfield, the Sizewell inspector, as an independent voice on CEGB plans to manage the £1.2bn project.

Mr Baker, as chairman of a new agency called the project management board, merging CEGB and National Nuclear Corporation staff, is the Sizewell project director, with Brian George as his technical director.

"The challenge, I feel as project manager is to build it in less time than it's been talked about," he says. Safety is the present topic of the inquiry and is likely to remain so until the summer break, Mr Baker says.

"I think it's going very much as we'd hoped and expected. The weight of work we've done on the PWR system is standing us in very good stead."

Reports from the inquiry tend to highlight differences and disagreements between the CEGB and the Government's nuclear inspectors. "What *people have lost sight of* is that the Nuclear Installations Inspectorate (NII) has accepted some 95 per cent of the case we've put forward."

What the inquiry has highlighted – and this has led to some signs of exasperation from Sir Frank Layfield – is the procedure by which nuclear safety issues are referred down through a long chain of interested parties and back up to the top again, before a *decision* is reached.

Sir Walter Marshall, now CEGB chairman, was called in with the task in 1981 to accelerate the process, but the effect proved short-lived. What is more, delays in the chain are clearly increasing the *risks of misunderstandings*.

The problem has been exacerbated, Mr Baker believes, by a deliberate distancing of nuclear inspectors from project engineers. As an exercise in building public confidence in the independence of the nuclear inspectors, as watchdogs of public interest in safety, the tactic is right. But safety issues are resolved faster when the nuclear inspectors are privy to CEGB thinking at every step, and vice-versa, he says.

Mr Baker believes the frustrating experiences of the last three months can be turned to advantage internally with some *simple* management changes. But he has still to win NII agreement to a closer working arrangement on PWR safety issues.

Reports suggesting that the CEGB is sufficiently worried about PWR safety to have the British-designed advanced gas-cooled reactor (AGR) in mind as an alternative for Sizewell are a complete misunderstanding of the situation, Mr Baker says.

The AGR information was not volunteered, but was requested by Sir Frank Layfield, who asked the CEGB last December to give him a timetable for events "if the Inspector were to recommend against the PWR and to report that he could see no reason, on economic or safety grounds, why an AGR" should not be built instead.

The CEGB response to this request *suggests* that it could add at least another 18 months delay to the project if the PWR were rejected but an AGR was approved. To minimise that delay, it is undertaking an AGR *design study focusing* on features that the nuclear inspectors have already indicated they might wish to see changed in another British AGR.

Beyond the reactor safety case, Mr Baker sees the Sizewell inquiry spending the autumn on wider issues of public interest – plutonium, spent fuel transport, radioactive wastes, etc. – *before reaching* the closing speeches in December. By then, Sir Frank will hold the world record for the duration of a public inquiry, he says.

Assuming that Sir Frank will need at least six months to write his report, John Baker now expects no decision from the government before the end of 1985, hence no start to construction before the *spring of* 1986.

Extrapolate the Sizewell experience to future projects, and we see just how quickly we run out of time, he says. On minimal assumptions about load growth and plant replacement, the CEGB believes it will need 8,000-9,000 MW of new capacity – say, eight PWRs – by the end of the century. "In economic terms, our preference would be nuclear."

But the Sizewell experience suggests that, even if the CEGB immediately followed approval for the Sizewell project with an application to build Hinkley C in Somerset, *it* would be 1988 before it got the decision. As he sees it, even if Sizewell establishes a generic safety case for the PWR, there will be a protracted debate about economics and need.

At this rate of nuclear decision-making, the electricity industry must run out of time to meet the expected demand in the 1990s. Options the CEGB is now considering including making simultaneous application for several *more* PWRs in the late-1980s, accepting a mix of nuclear and coal-fired stations, and relying on large imports of electricity from Europe, which by then will be heavily dependent on nuclear plants – mostly PWRs.

UK NEWS

Licence system changed for onshore oil search

BY DOMINIC LAWSON

RADICAL new arrangements for the licensing of the UK onshore oil industry have been confirmed by the Government.

Mr Alick Buchanan-Smith, the Energy Minister, told the House of Commons of the main changes.

There will be rounds of licensing, as in the North Sea, rather than the existing system of individual approaches by oil companies and irregular announcements by the Department of Energy.

The licence areas will be reduced from the present large blocks of 500 sq km to areas of 100 sq km, based on the Ordnance Survey grid.

The licensing system will be in three stages, replacing the previous two stages of exploration and production.

An exploration licence of six years' duration will, unlike the former exploration licence, permit deep drilling and testing.

There will then be an appraisal licence of five years' duration, in which the oil company concerned will prepare a development programme and seek long-term planning permission.

The first two stages will be prerequisited for the granting of a new 20-year development licence.

The Government will, over the next two to three months, prepare the legal framework for the new "model licences." The first official round of UK onshore oil and gas licences can be expected shortly afterwards. The Government is keen that the new onshore licensing rounds should be as frequent as possible, with intervals just long enough to evaluate and respond to applications.

The review was precipitated by increasing interest in the UK as an onshore *oil province*.

● Britoil is to downgrade its estimate of reserves for the South Brae oilfield in the North Sea. The field, due to be inaugurated next week by Mr Peter Walker, the Energy Secretary, is operated by Marathon, the U.S. oil company, which has a 38 per cent interest. Britoil has 20 per cent.

Britoil's estimate of the reserves had been 236m barrels, already lower than the operator's estimate of 300m. Britoil now says that its estimate will have to be reduced.

Picture shows signs of fading for multi-channel cable TV

BY GUY DE JONQUIERES

MULTI-CHANNEL cable television, far from being an irresistible force for social and economic change, seems in danger of being destroyed at the outset in Western Europe by a mass of government red tape and lack of commercial incentives, according to a report by CIT Research.

Although many European governments are promoting the development of cable systems, the report suggests that their policies are too restrictive, pay too little attention to the market and fail to recognise that the economics of the industry are extremely fragile.

CIT has sharply downgraded its forecasts for the growth of cable since it published its last pan-European study in late 1982. It now expects that, at best, only 19.5 per cent of European households will be linked to cable television by 1992, compared with the earlier forecast of 27 per cent.

Its "best case" forecast calls for total subscriber revenue in 1992 of $2.6bn and advertising revenue of $475m, compared with its earlier forecasts of $3.6bn and $970m respectively. But its estimate of the annual rate of capital investment that year has edged up to $1.7bn from $1.6bn.

Cable television systems are expanding in Europe, but most of the growth is in countries such as Belgium, the Netherlands and Luxembourg, which are already heavily cabled. "The enthusiasm for high technology, at almost any price, and the lack of realism about subscription services, programming, the investment context and some stark lessons from the U.S. lead us to take a cautious view of future cable prospects," the report says.

In almost every country too much emphasis was being placed on the design of the cable systems themselves, and too little on the production of commercial programmes to be carried on them. Only 20 per cent of viewers were interested in pay television, and there was probably only enough programme material available to fill three cable channels in the whole of Europe.

CIT was doubtful about the survival of many of the organisations which have recently sprung up in Europe to distribute programmes to cable systems via satellite. Although 10m households were equipped to receive such programmes, the probable market was only 2m–3m homes.

There was little sign of demand for "inter-active" services providing information, except for details of television and radio programmes, which could in any case be obtained easily from the press. Moreover, most "inter-active" services envisaged for cable could also be provided on existing telephone networks.

The report accuses many European countries of pressing ahead with cable television with no regard to commercial reality. In many cases the development of cable was dominated by national telecommunications monopolies, whose main interest was in creating expensive and technologically advanced networks

"France and Germany are pursuing a "Concorde" solution, whether the consumer wants it or not," Mr Patrick Whitten, managing director of CIT said. In Britain, by contrast, the Government wanted cable to be privately financed. Excessive regulation, however, denied cable operators the commercial freedom they needed.

Many governments were encouraging the construction of costly and sophisticated networks using a "switched star" design and optical fibre technology, in preference to cheaper systems built out of copper wire. But that choice was difficult to justify on commercial grounds, and commitment to it by private investors was "a tremendous act of faith."

* *CIT Research, 1 Harewood Place, London W13 9HA.*

CABLE TV GROWTH PROJECTIONS: WESTERN EUROPE

	Optimistic			Pessimistic		
	1984	1992	1994	1984	1992	1994
Number of households (m)	124	128	130	124	128	130
Percentage of households linked to cable	8	19.5	23.8	8	13.1	15.3
Percentage of households subscribing to multi-channel cable:						
Basic service	3.0	16.1	20.8	1.0	8.5	11.3
Premium service	0.8	14.1	18.2	0.6	7.1	9.9
Interactive/transactional applications	—	8.3	11.5	—	4.2	6.0
Annual estimated capital expenditure ($m)	840	1,710	1,800	365	985	1,075
Annual estimated subscriber revenue ($m)	255	2,605	3,405	225	1,435	1,895
Annual estimated advertising revenue ($m)	30	475	655	10	230	350

All expenditure and revenue figures in 1984 equivalents at constant prices.

Source: CIT Research

TECHNOLOGY

EDITED BY ALAN CANE

ASTRONAUTS WILL ATTEMPT A DRAMATIC RESCUE ON SUNDAY

Space repair for faulty satellite

BY PETER MARSH

A TEAM of British scientists will stand by at a space-control ceotre near Washington oo Sunday to help out in a dramatic rescue mission some 500 km above the earth.

In the rescue, American astronauts will attempt first to "capture" a rogue satellite that is spinning out of control and then to correct defects in the craft's electronic equipment.

The astronauts form the crew of the space shuttle Challenger, whicb is due to lift off from Cape Canaveral later today.

The ailing satellite, the Solar Maximum Mission, entered orbit in February 1980. But it failed just nine months later, with its job of taking scientific measurements of flares from the sun only partially completed.

The British scientists, who helped to design the instruments on the vehicle, will spend a few tense days at the National Aeronautics and Space Administration's Goddard Space Flight Ceoter just outside Washington. With scientific colleagues from the U.S. and Holland, they will advise the astrooauts over radio links bow to tackle the repairs.

Dr Alan Gabriel, a member of the British team, said: "The failure of the satellite was a terrible disappointment. It would be a real scientific boous if it could be hrougbt back to life."

Dr Gahriel is the head of the space and astrophysics divisioo at the Science and Engineering Council's Rutherford Appletoo Laboratory near Oxford. The laboratory, together with Birmingham University and the Mullard Space Science Laboratory in London, helped to design two of the satellite's seven instruments.

The instruments were intended to record and analyse the radiation that the sun emits during "solar flares." These are intense bursts of energy, produced during peak periods of activity at the rate of up to ten a day, which disrupt radio communications and, according to some theorists, influence the weather.

In recent years, scientists have tried to find out what causes flares. Changes in the sun's magnetic field, so it is thought, have an effect. With a better understanding of the causes, researchers think they may be able to predict wben the flares will take place.

But after tha failure on the £50m satellite controllers oo earth have obtained readings from only two of the seven instruments.

The rescue will take up three days of the sbuttle's six-day mission. On Sunday will coma the most spectacular part of the enterprise. George Nelson, one of the shuttle's crew of five, will leave the vehicle under the propulsion of a small rocket motor strapped to his back—a manned manoeuvring unit.

He will travel through space for about 100 metres before attemptiog to capture the satellite with a special grappling device. Mr Nelsoo will have to slow down the satellite's spin. The vehicle, some 2 metres in diameter and 4 metres long, is revolving ooce every six minutes.

In the next step, Bob Crippen and Dick Scobie, the shuttle's pilots, will manoeuvre tha vehicle to about 10 metres from the craft. Terry Hart, a scientist in the crew, will control a Canadian-built mechanical arm which will fork out into space to bring the satellite into the shuttle's cargo bay. Here it will be met by James van Hoften, the final astronaut on board.

After a day's rest, Mr Nelson and Mr van Hoften will take on the role of space-age grease monkeys. They will turn the cargo bay into a jobbing workshop, attempting to correct the satellite's faults. The astronauts will have two tasks.

First, they will take out from the troubled space vehicle a box of electronics about the size of a TV set. This is the attitude cootrol unit, three fuses in which have blown. As a result, the satellite cannot point accurately at the sun.

The astronauts will simply swap this box with another piece of hardware brought from earth.

The second job is more complex. The two men will attempt to correct a fault in electronic equipment controlling one of the spacecraft's instruments. This involves complicated tasks such as untightening screws and rewiring.

In the weightlessness of space, the astronauts may find these jobs troublesome. The men will be hampered by their bulky space suits which they will need because the shuttle's cargo bay is unpressurised.

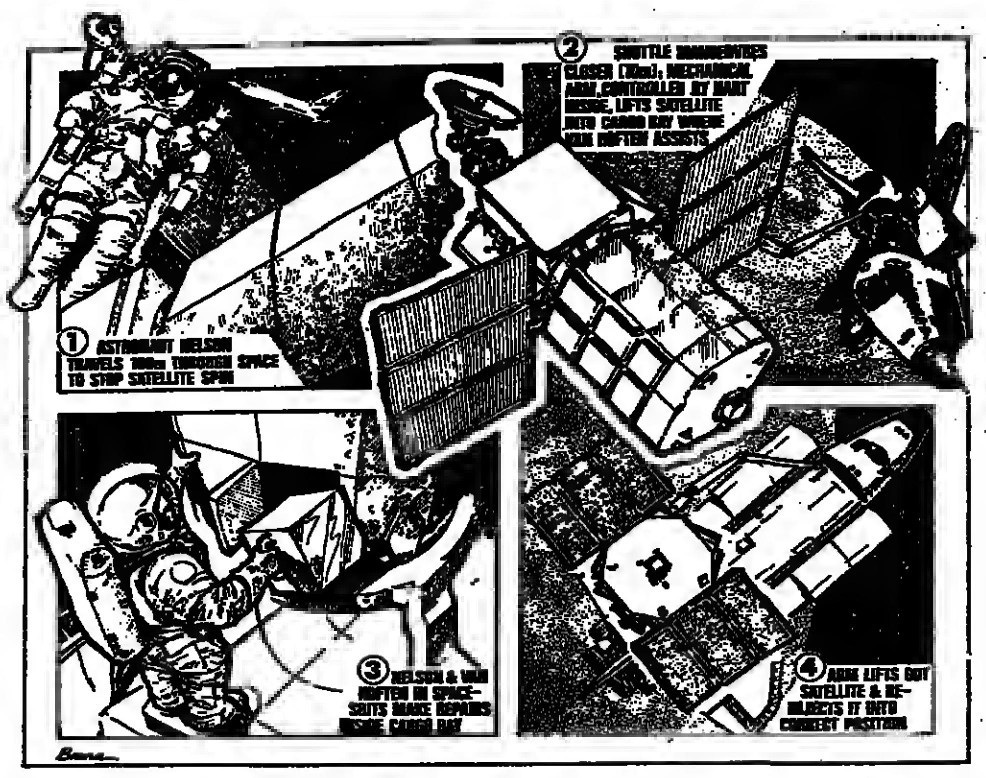
Any false move, a jab through one of the men's suits with a screwdriver, for instance, could spell disaster and, at worst death. The unusual circumstances make the rescue of the Solar Maximum Mission one of the most dangerous and ambitious repair jobs in the history of mechanical engineering.

If the repair venture in the cargo bay fails, the astronauts have another option. They could package the satellite into the bay and bring it back to earth for terrestrial repairs. Then the craft could be re-orbited on another shuttle launch.

The maintenance enterprise in the heavens could serve as a practice run for similar operations. Nasa engineers want to construct future scientific satellites in a modular fashion so that faulty components can be replaced while the vehicles are still in orbit.

But Nasa says it has no plans to try a rescue mission for the two satellites that the space shuttle injected into the incorrect orbits on its last flight two months ago.

In the meantime future, repair jobs in space will be limited to low orbits a few hundred kilometres above the earth. The high orbits 36,000 km high favoured by the operators of communications satellites would turn out dangerous places for astronaut repairers.



SIMULATED WEAPONRY FROM WESTON-SIMFIRE

War games from Enfield

BY BOB GARTON

WAR IS a dangerously inexact science. It usually means a massive investment in arms, equipment, men and training. Only on the battleground do you find whether you've got everything right. And if you are wrong, there is no second chance. History has its lessons, but that is not enough. Most armies today use simulated weapon systems in training that is as close as possible to real warfare.

Much of the technology for simulated warfare was pioneered 16 years ago by the Enfield-based Weston Simfire. The company, part of the Schlumberger group, has supplied 35 countries with 5,000 simulator systems for tanks, armoured fighting vehicles, helicopters and anti-tank weapons. But infantry training is by far the key problem—how to simulate the effects of enemy fire with total realism but without live ammunition and casulties. This is why Simfire has developed the new Simgun small arms system.

At the core is laser techoology. A lightweight (390 gram) projector fits on to the rifle or machine gun muzzle, and as a blank cartridge is fired, an eye-safe gallium arsenside (GaAs) diode beam is "fired" at the target. The target is one of 15 detectors on e harness worn over the soldier's body. If he is hit, a control unit also strapped to his body sounds a siren. Only if he lies down "dead" does the noise stop.

He remains killed until an umpire deactivates the harness with a special gun. The system also has an optional data retrieval system for recording and analysing the result of engagements. Simfire says equipping him with the laser projector and harness makes the soldier hunter and hunted. As it is completely safe it is ideal for training in built-up civilian environments, to sharpen up the infantryman in, say, fighting in the streets.

Alongside the small arms system, Simfire has launched two weapon and target simulators, Series M and Series K, aimed at giving it tha world lead in tactical training technology. Simfire is well aware of tha competition from armed forces' suppliers like Saab of Sweden and America's Miles, but it hopes to have the edge in combining sophistication with lower cost.

Richard Curtis, marketing manager, says: "We have designed systems so that all armies can afford to buy them in high volume" and he cites the modular construction of Mand K as the base of the price competitiveness: The commonality of components reduces manufacturing costs and hence prices.

The Series M can simulate all direct-fire anti-tank weapons and most air-to-ground and anti-aircraft weapons. The modules are: a GaAs laser projector and drive circuit; control, inclo ding a central processor and data store duplicating all the characteristics of a real weapon; power unit; flash-firing unit.

Simfire K, the target simulator, is the final piece of what the company calls "a complete" tactical scenario."

The modules are: control unit, which includes the power supply and interprets effects of an attack, outputting pyrotechnic explosions for "kills"; an attack indicator, retro reflectors, which detect a hit on the target and transmit e signal to the control unit; and a pyrotechnics unit.

Peripherals

Low cost printer

EPSON BELIEVES it has reduced the price of thermal-printer mechanisms to a level which will appeal to the home-computer marketplace.

The company describes its new M-1200 as "a major breakthrough" at a price of only £23 based on OEM quantities of 1,000. The machine has a 40 column printing capacity, uses 112mm wide thermal paper and offers both text and graphics printing with speeds of 45 characters per second.

Even cheaper is the M-170 mechanism, a dot matrix machine which at £21 (1,000 off), prints one line every 2.5 seconds on 69.5mm paper. More on 01-902 8892.

NEXT YEAR SEES INTRODUCTION OF IMPROVED CAR PHONES

Cellular radio may cut mobile telephone costs

CAR-TELEPHONE services will become substantially cheaper when cellular radio starts up in Britain next year. This is on the basis of estimates supplied by Mr Derek Wordley, marketing director of TSCR, one of the two companies that will operate cellular radio.

According to Mr Wordley, a person with cellular radio hardware in his car or lorry will pay about £1,000 a year. This is about half the charges faced by a user of the nearest comparable existing hardware, British Telecom's System 4.

The two systems are comparable because both provide a direct link between the vehicle and the public telephone network. Most of the 20,000 or so vehicles in Britain fitted with talephones can be switched into the network only via an operator.

Bot small companies could be sqoeezed out of the business of selling cellular radio services, according to Mr Jonathan Clark, chairman of the Federation of Communication Services. The federation represents about 100 companies in radio and telecommunications businesses.

Mr Clark fears that Telecom Securicor Cellular Radio (TSCR) and Racal Millicom, tha two companies given Government licences to operata cellulor radio, will allot to subsidiary organisations most of the business of retailing radio services to the public. This is instead of handing over the job to small companies.

Both TSCR and Racal Millicom are barred from selling cellular radio services directly to customers.

Cellular radio is an efficient way of providing communications between vehicles and the public telephone system. The same radio frequency can be re-used over a number of cells into which towns and cities are divided. Computers automatically transfer signals between adjacent cells so that the user suffers no break in transmission.

Mr Clark, who runs a small car-telephone company in London, has also called for the publication of financial details about links between the companies that will operate cellular radio and British Telecom, which will connect radio users to the public telephone network.

TSCR and Racal Millicom are negotiating with British Telecome on the fees that they will have to pay for interconnection.

But details of financial contracts will be kept secret. According to the Department of Trade and Industry, the position will stay the same after the Government sets up later this year an Office of Telecommunications. The office will regulate the activities of British Telecom and other bodies that offer telecommunications services.

By the time the office is operating, Parliament should have approved the necessary legislation to turn British Telecom into a private corporation.

The questions over interconnection highlight the problems of clarifying the relationship between British Telecom and other companies that, in the course of selling services to the public, use the public telecommunications system.

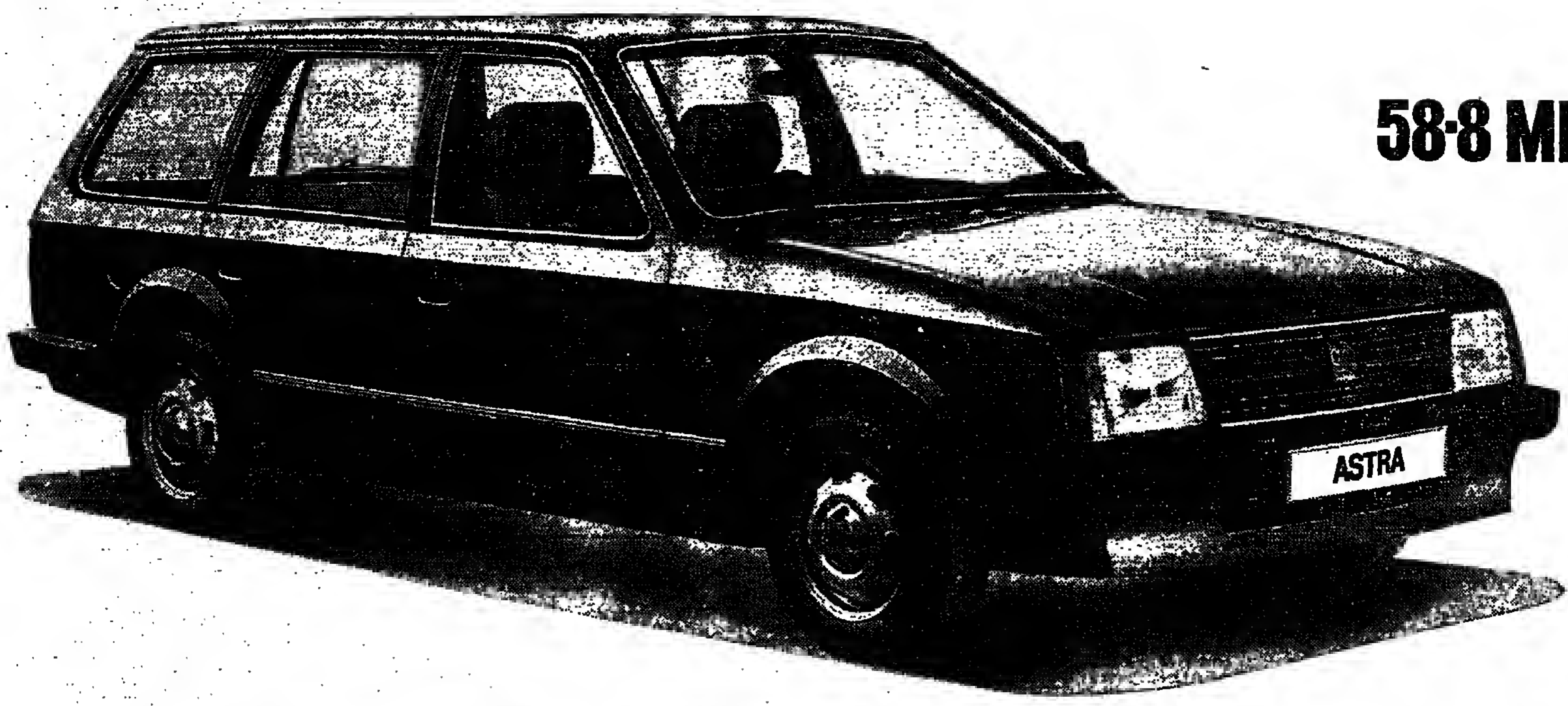
In the case of TSCR, the position is clouded by the 51 per cent stake that British Telecom holds in the company. The remaining shares are owned by Securicor.

TSCR operates, however, as an independent company at "arms length" from either of its parents.

British Telecom has other, wholly owned subsidiaries in radio paging and car telephones. These companies will function freely in the marketplace after the corporation is privatised.

British Telecom's car-telephones subsidiary will be among the "retailer" companies through which TSCR plans to sell cellular-radio services. Securicor, which already runs radio networks in addition to its main business of providing security services, will be another retailer.

Mr Wordley of TSCR says that other companies, which are not connected with British Telecom or Securicor, will also sell services to the public. Details should be finalised over the next few months.



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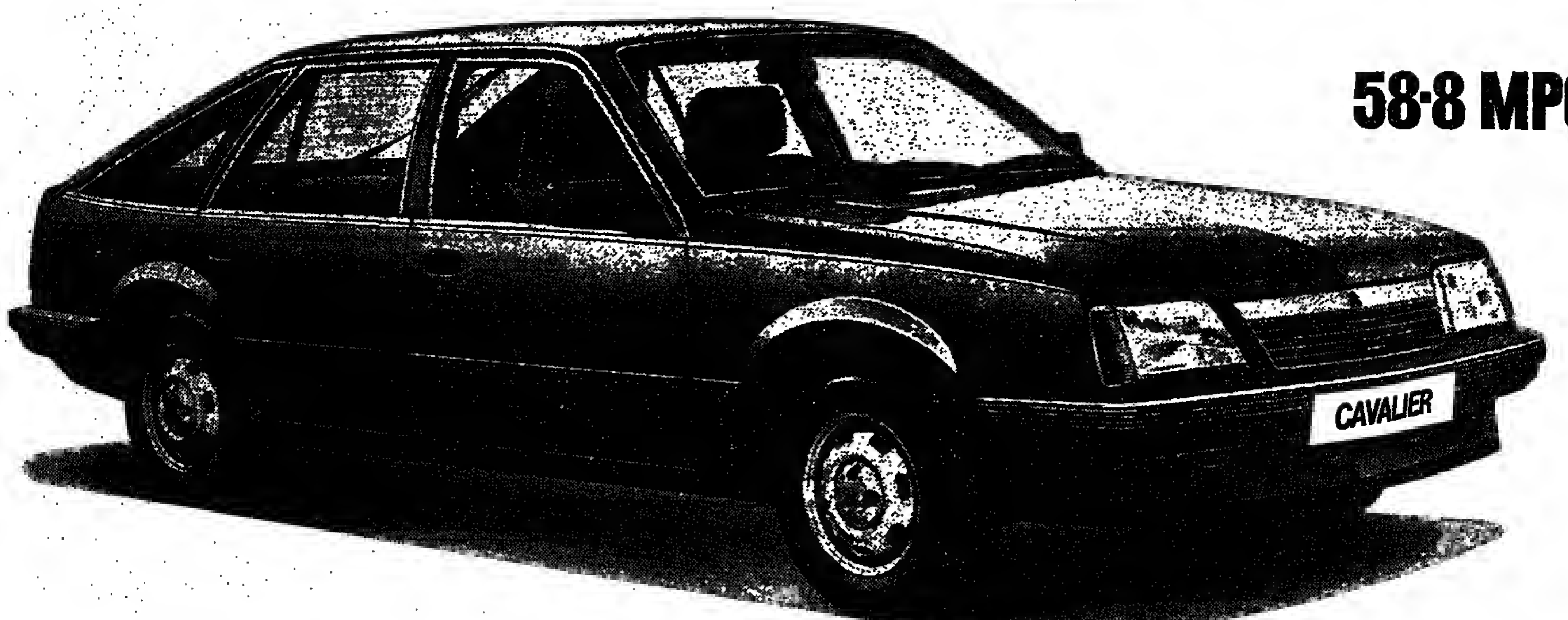

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THE PROPERTY MARKET

BY MICHAEL CASSELL

Office plan for City bomb site

A £50M OFFICE and shops complex could soon be developed on one of the City of London's few remaining and best-known bomb sites.

The land in question stands alongside Ludgate Hill, within site of St. Paul's Cathedral and bas been derelict since the blitz. Bordered by Ludgate Hill, Pilgrim Street and the Holborn Viaduct railway, the land bas for years been used as a car park.

A joint company formed by *Watney Coombe Reid*, the brewing group wbicb owns part of the site, Lazard Brothers and Lysander Investments bas submitted a planning application to the City of London.

In the name of Ford Camber, the consortium proposes to develop 237,000 sq ft gross of offices, together with basemeot car parking and street-level sbops. Tbe design has beeo drawn up by Ricbard Seifert & Partners and is the result of more than four years preliminary work.

The majority of the bomb site is owned by the City Corporation itself, whicb will be determined to ensure any development in sucb a sensitive location will be sympathetically carried out.

Pilgrim Street, in particular, is regarded as a historically important route and the developers are apparently prepared to make the whole site available to arcbeologists before development work begins.

It is understood that Ford Camber and the City are in discusions about the future ownership of the land. The City is traditionally reluctant to hand over freebolds and talks could result in the Corporation assuming freehold ownersbip of the entire site, with the joint development company taking a long lease in return.

If planning permisison is given and site ownership is agreed.t be development could be underway in 1985, with completion likely about two years later. Anthony Lipton aod Pepper Anglis and Yarwood are acting for Fnrd Camber.

● A rent of £34 a sq ft overall is being sought for *68-73 Cornhill*, City, a joint redevelopment by Airways Pension Fund and the Worshipful Company of Grocers. Jones Lang Wootton, Edward Erdman and Matthews Goodman are letting the 30.000 sq ft banking and office scbeme. In Victoria, Townsend Thoresen is, through Sinclair Goldsmith and Pepper Angliss, asking over £20 a sq ft for Sovereign House, just completed on a site next to Victoria Station.

● Combined office rent and rates in the City of London now top £45 a sq ft, according to a survey from Dron & Wright, the surveyors. Mayfair rent and rates work out at just over £30 a sq ft, only marginally higher than in Southwark, south of the Thames.

William Cochrane reports from West Berlin on retail property trends

Shopping centre improvement plans run into problems

THE WIDELY forecast wave of refurbishment ectivity aimed at breathing fresh life into Britain's older sbopping centres bas failed to materialise because of the dauoting list of problems which modernisation entails.

The world's retailing community, gathered this week in West Berlin for the annual confereoce of the Internatiooal Council of Sbopping Centers, beard Ron Gammie, of Donaldsons, the UK agents and surveyors, say that all the talk about refurbishment bas yet tn be converted into action.

He told delegates: "After the initial enthusiasm, it appears that this type of development is proving mucb more difficult to achieve than at first envisaged."

Gammie emphasised that the majority of major sbopping centres in the UK involved a multiplicity of interests which could include:

● The local authority, frequently the owner of the site and entitled to a basic ground rent plus a sbare of rental growth.

● The development company.

● Tbe funding institution which supplies most of the capital.

● Ancbor stores which frequently lease a site on which they develop their nwn store.

● Unit sbop tenants on straightforward 20-year leases with five-year reviews.

The man from Donaldsons continued: "Everybody is delighted to consider renovation, provided that somebody else is meeting tbe cost." The one major refurbishment completed in the UK in recent years, he pointed out, was carried out in Preston by Legal and General Assurance which—in contrast to tbe majority of investors—bad total control of the property.

Problem

Apart from the problem of reconciling the multiplicity of interests invariably involved in a major retail complex, the physical difficulties involved in renovating an operational retailing centre were also extensive, Gammie added.

As for funding, be pointed out that few local authorities bad tbe money required to finance refurbishments and they might also be involved in other, competitive schemes. The original developer, possibly sbort of funds in today's depressed construction market, would want to see a direct improvement in rental income, rather than merely the promise of some increase. A fund, with its own institutional criteria, migbt well want the same thing.

Retail refurbishment costs are commonly qnoted at between £2m to £5m for the average centre, or something like £10 a sq ft of selling space. The comparatively low figure stems from the developer's commitment to the common areas alone, with the upgrading and upkeep of the sbops themselves left to the tenant.

David Cherry, another Donaldsons' man, left delegates in no doubt about the potential problems involved in getting the teoant to play his part in any upgrading programme. He cited one major town centre scheme where most tenants were on 21-year leases and some of the large space users were on 35-year terms. One tenant held a 99-year lease with a ground rent in return for an initial capital investment. Such terms made a lease renewal—and the opportunity for refurbishment—a rare event.

The Berlin conference heard that the Americans are well ahead in terms of shopping centre refurbishment, even if they remain miles behind in town centre development. The U.S. shopping centre industry has been going for around 30 years, concentrating mainly on suburban regional centres, and at least one centre featured at the conference had been refurbished three times. Second refurbs were common.

Tony Sutton of Bredero emphasised the uncertainty surrounding returns from modernisation projects and was prepared to leapfrog it by offering another alternative—complete demolition, total redesign and redevelopment, along with a guaranteed return for the right investor.

The price would certainly be a lot different—say ten times higher—but it will make a fascinating option for some investor, sooner or later.

OLD OR NEW, the architectural quality of shopping centres came in for some stinging criticism from Keith Scott, of the Building Design Partnership.

In an address which ruffled quite a few feathers around the conference hall, Scott went straight for the throat when it came to the quality of external architecture on retail schemes: "Our shopping exteriors are, by and large, lamentable. We have now had 30 years of central shopping area development in the UK, with around 650 schemes built in that time.

"The failure to produce a body of distinguished architecture out of billions of pounds spent is a corporate one. The blame rests with everyone involved."

Scott acknowledged that "designers can be prima donnas" and that developments had to make a profit but, he continued, the design track record was poor.

"We cling to 'honesty of effort'—the idea that concrete and steel could be left exposed—after it had become clear that the dogmas surrounding the pioneer developers were fallacious.

"We put up plain, rectangular boxes, the cheapest form known to man. In architectural design, it is possible to be so simple that you are stupid," Scott added.

He claimed that, all too often, a client's preoccupation with the inside left a "windowless box" facing out into the city beyond. Not enough money was spent on the form, colour and texture of central area schemes.

The local authority had to exercise its responsibility to ensure that shopping centres became an integral part of town centre life. But Scott was not hopeful that the authorities would ensure such an outcome: "There are more votes in quantity rather than quality. Sadly, the development team with the best financial deal for the city usually wins."

Capital and Counties shares the prize

THE RIDINGS shopping centre in Wakefield, developed by Capital & Counties, picked up one of the coveted ICSC European awards, made in West Berlin this week.

The 250,000 sq ft centre, which opened last October, shared the award for large shopping complexes (over (10,000 sq m) with Madrid II, developed by Societe des Centres Commerciale of Paris and located in the northern suburbs of the Spanish capital.

Ian Northern of Capital & Counties said the intention in Wakefield had been "to bring an American town centre into the heart of a traditional English city."

The scheme is on three levels and the developers made no distinction between the upper and lower levels in terms of retailing status. "Retailers came to us and asked which was the main level. We said there was none."

Star attraction at the centre is an American-style "food court" in the basement. Capital & Counties says it was prepared to see an operating loss in this area, simply in order to attract customers. As it is, a "handsome" profit is already being recorded. Architects were Chapman, Taylor.

Madrid II was developed after ten years of negotiations—involving four successive mayors of Madrid—but only took two years to construct, once permission was won. The centre, which is surrounded by 52,000 high-rise apartments, provides a hypermarket, a department store, sidewalk cafes and exterior terraced, hanging gardens.

Jean-Louis Solal, head of SCC, commented: "Sometimes shopping centres offer only blank walls to the street. We wanted to convey the feeling 'we love people, come in.'"

M Solal may bring his hypermarket anchor concept to the UK. In Glasgow, SCC and Standard Life have won planning approval for their Buchanan Street shopping scheme and a hypermarket could be a key element of the project.

Alexander Howden to move headquarters

ALEXANDER HOWDEN, the insurance brokers and underwriters, are to move their London headquarters into the Cutlers Gardens complex, developed on the eastern fringe of the City of London by Standard Life and Greycoat City Offices.

The group will lease about 123,000 sq ft of office space at Numbers 8 and 10 Devonshire Square and expects to move in mid-1985. Its existing 135,000 sq ft headquarters building at Billiter Street, EC3, is being assigned to the Institute of London Underwriters. Chestertons acted for Alexander Howden.

● MEPC Australia's total interest in ASC Property Trust has now risen to 49 per cent, the maximum permitted by the Foreign Investment Review Board. ASC owns 11 Australian shopping centres and a theme park in Queensland.

● Chase Manhattan Bank has confirmed that it is to develop a 350,000 sq ft administration centre on a 28-acre site at Littledown, Bournemouth. The bank will relocate up to 650 people from Woolgate House in the City of London, which it will continue to occupy.

● Ginness Peat Property Services and Espley-Tyas are to jointly redevelop 37 Lombard Street, EC3, former headquarters of Nedbank.

● Capcount America, the Capital & Counties U.S. subsidiary, has paid $1.09m for a 7.3 acre site in Gwinnett County, Georgia. It intends to develop a 120,000 sq ft office scheme, at a cost of $9m, opposite an existing regional shopping centre.

● Brixton Estate is paying £1.75m for 25 acres of land, adjacent to its Woodside Estate at Dunstable and owned by Talbot Motors. It will develop a new estate, to be called Woodside Park. Slough Estates also announced that it has acquired seven acres of land at Waltham Cross, close to the town centre, where it intends to develop up to 137,000 sq ft of floorspace with an investment value of £6.5m.

● British Telecom has taken nearly 10,000 sq ft of floorspace in Cutlers Court, the Greycoat - Standard Life scheme in Houndsditch EC3. Australian stockbrokers Bain & Co. are taking 4,000 sq ft in the same building.

● Guildborne Developments of Guildford have let the whole of Waterman House, the 10,000 sq ft office scheme in Chertsey Road, Woking. Forward Trust, part of the Midland Bank group, Barclaycard and Coronet Engineering are paying rents of between £10.50 and £11 a sq ft. The property was financed and forward sold to Tate & Lyle Pension Trust. Joint letting agents: Philip & Company and Richard Ellis.

● The partners of Conrad Ritblat, the surveyors and valuers, have acquired British Land's interests in the practice. Under the terms of a reorganisation, British Land ceases to have any interest in the equity or day-to-day management of the firm but will remain associated with the partnership for a period of five years. John Ritblat remains senior partner.

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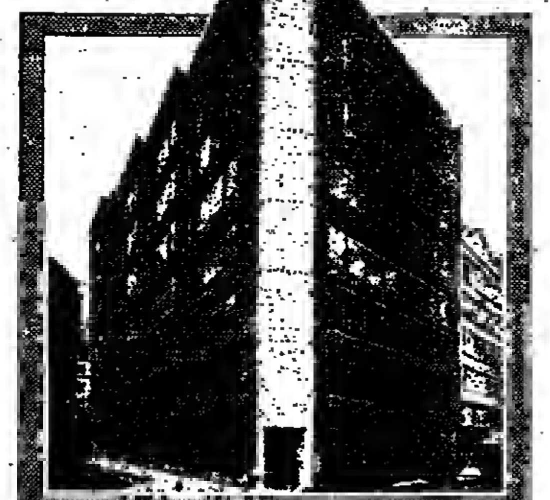

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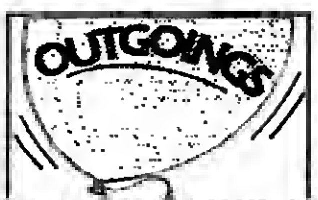

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THE MANAGEMENT PAGE

BY CHRISTOPHER LORENZ

WORKING ABROAD

'Japan remains a closed book'

Jurek Martin contributes the third article in this series

JIM AND DONNA HANSEN do not exist as such, nor does Standard Widget of Nebraska (SWN), for which Jim Hanseo is sales manager for Japan. They are fictional composites, but they are no less real for that.

Actual people and companies have not been used for the simple reason that executives and their spouses do not like to be identified by name in talking on the record about their lives as expatriates in Japao and how they get on with their head offices back home. Such public frankness could hurt their relations both with their Japanese customers and with their corporate masters. But informally, there are no two topics which so consume the 25,000-strong non-military American community here, the largest foreign representation in Japan (Koreans excepted) and much the most influential.

On balance, Jim and Donna, both 44, agree that Tokyo is not a bad place to be based for a few years (they have been here for just over three). SWN picks up a lot of what would otherwise be astronomical bills; these include the spacious, if anonymous, $4,500 a month, three-bedroomed flat in Azabu, Tokyo's "gaijin ghetto" where many foreigners live, the medium-sized Toyota saloon (which they admit they underuse because of traffic and parking problems). Jim's golf club membership ($80,000 admission, though re-saleable, perhaps at a profit), fees for both at the downtown American Club, tuition at the American School for both the children, and a regular annual paid leave home for all the family.

Both agree that the cost of living is high. The National Azabu supermarket, a little corner of America, has prices for meat and vegetables beyond the ken of the Omaha Safeway; home help runs to at least $40 a day; eating out (when Jim is not dining on business, which he does perhaps three times a week) is not cheap, if done in any style.

But it certainly helps that the first $80,000 of Jim's income is exempt from U.S. tax and that Watanabe-san, the office accountant, makes sure the Japanese tax bill is under control. After five years, however, the Hansens would be reclassified as "permanent" residents for Japanese tax purposes and lose a lot of their deductions.

Both agree, as does just about every Westerner living in Japan, that perhaps the biggest single bonus is that this is such a physically safe country. The minimal crime level means that the children can roam around Tokyo with impunity; Jim and Donna have even got out of the habit of locking the car doors.

But there are frustrations, too. Donna was an account executive with a regional advertising firm back in Omaha, but this is virtually shut out of the employment market here. SWN provided her with no assistance in looking for a job, though she has heard that some American companies are now trying to cater to the needs of the two career family when one is despatched to Japan. As it is, the Japanese authorities insisted she come as a "dependent spouse," effectively confining her to volunteer charity work or teaching English, neither of which appeals.

Both are very aware of the high incidence of divorce among expatriates, stemming partly from the professional frustrations of one spouse, partly from the sense of cultural alienation that Japan is eminently capable of inducing and partly, it must be admitted, because of the relative allure of the apparently more submissive and uncomplaining Japanese woman (though they know from their several foreign male friends who have re-married Japanese that the Japanese woman possesses a will of iron in private).

More intangibly, Jim and Donna are somehow disappointed that even after three years Japan remains so much of a closed book. They set out to master the language, but found it uphill work; Jim gave up after nine months, saying it took up too much time, and Donna's studies have become desultory. Perhaps because of this they feel they have not been able to penetrate Japan as much as they would have liked to.

They acknowledge that this is in good measure their own fault but feel that Japanese society does not exactly open its arms to the gaijin. Outside Jim's work contacts they have no real Japanese friends and have only once in three years been entertained in a Japanese home (mainly because the Japanese think their homes are too humble). As a result they have tended to slip back into the trap they said at first they would avoid, the comfortable round of an exclusively expatriate social life.

Jim's professional life, however, could hardly be described as comfortable, with its very long hours, though he concedes he likes the freedom that running a foreign office gives. He is not a career expatriate, as many of his friends in Tokyo are, some of them dating back to the post-war U.S. occupation, but he did one five-year stint for SWN in Venezuela and always wanted another foreign post.

He runs an office with three more Americans and 25 Japanese out of a modern downtown office block. He believes he has been able to upgrade the quality of his salesforce and was pleasantly surprised to find many young, able Japanese graduates much more willing to join a foreign company than he had been told. He finds domestic competition extremely tough and is glad that, unlike some of his friends, he does not have to cover other Asian countries as well. But he has established good working relations with his Japanese customers, not least by eating and drinking with them several nights a week, and is a firm believer that there is no substitute for presence on the ground in Japan.

Viewed from close up, he is somewhat less impressed with the vaunted Japanese managerial skills. He still finds the opaqueness and slowness of Japanese decision-taking an intermittent irritant but he has learned to adjust to the fact that the innumerable wheels-within-wheels of a Japanese company have to be all moving in the same direction. He no longer makes the mistake of being under-prepared for any important meeting, tedious and elementary though the homework may often be; he certainly knows that once the Japanese set a target it is unlikely to be missed.

His one constant complaint is that though Omaha seems satisfied with his performance he feels out of sight and out of mind of headquarters' decision-making. At a simple level this is because the window of communication is often closed; the 15 hour time difference between Tokyo and Omaha means that when he wants to talk HQ is asleep and vice versa.

More seriously, he is eternally worried by the fear that HQ may think he has "gone native" and fallen into a Japanese rather than a Western way of looking at things. Japan, he argues, is a complex commercial market that does not lend itself to the simplistic proposals that sometimes spew out of Omaha, often after the chairman has returned from some sort of conference addressed by one of the self-styled "Japan experts" with which the U.S. positively teems.

This, in turn, puts him on the horns of a dilemma. He believes Japan repays the sort of commitment he is putting into it but, at the same time, does not want to miss out on promotional opportunities elsewhere within the company. Yet to be whisked out to other and more immediate greener pastures, as many of his brighter American business colleagues are, means that SWN's investment in Japan, which values continuity in its commercial relations, could take longer to pay off, and this, he is convinced, would be a pity.

If push comes to shove, however, he would probably do as SWN commands. Jim is aware of the glimmerings of a trend whereby big companies are not necessarily any longer considering their Japanese staff to be somehow special cases. Kenichi Ohmae, McKinsey's Tokyo-based expert, notes that two former managers in Japan, Anderson of NCR and Dekker of Philips, now head major multinationals.

Certainly he does not want to hang on in Japan in any less substantive capacity than he enjoys now. He knows too many Americans who have done just that and who have become somewhat sad, peripheral figures around town. Neither of the Hansens is yet ready for this role.

Previous articles in this series appeared on January 11 and March 7.

Long range planners

Getting started on a move into the real world

STUNG by criticism that they live in ivory towers and spend their time spinning elaborate but useless theories, Britain's corporate planners are *turning* practical, and taking to the streets.

After years of existence as a learned association of professional planners, holding esoteric meetings at its head office in London's plush Belgrave Square, the Society for Strategic and Long Range Planning (known in the fraternity as SLRP, pronounced Slurp), is reversing its own strategy.

Instead of addressing itself only to skilled planners, it is starting to involve chief executives and line managers. Instead of dealing almost exclusively with large companies, it is beginning also to embrace the smaller fry. Instead of confining most of its activities to London, it is getting out into the regions, with Peterborough and Sheffield the first two venues for a series of general-interest "*round table*" meetings addressed by chief executives. Most important of all, instead of stressing techniques, it has begun focusing on simple issues, from competitive analysis to understanding the market.

Competitors

"Many companies still don't know who their competitors are," says Peter Beck, the Society's new chairman, who is about to retire from his post as planning director of Shell UK. Even in some large companies, he claims, "the really strategic questions are seldom asked."

Beck is an impassioned advocate of the need for every company, large or small, to have a "strategic vision"—or what he, in the society's newly simplified language, calls "the knowledge of where you're going and how you're going to get there." All top managers, he says, "need to be able to absorb *the flood of daily information* with some understanding of how it might affect the future." In other words, gut feeling is not enough.

Beck's view is underlined by a recent warning given by his boss. Speaking at a business history seminar at the London School of Economics, John Raisman, chairman and chief executive of Shell UK, argued that, regardless of what action it takes to cope with its immediate problems, a company without a strategy will continue to "make mistakes, squander resources," and generally struggle for survival.

Dying race

Rather than trying to retain their traditional responsibility for most of a company's planning, argues Beck, planners should now concentrate on supporting the efforts of other managers. Because of the amount of planning which, in the better-run companies, is beginning to be done by line management, "planners are a dying race," according to one of their own fraternity — Adrian Davies, planning director of Thomas Cook, the large travel and tours group, and the man who is organising the Peterborough round table. Lest he be accused of suicidal tendencies — or of tilting at Shell — Davies excludes planning coordinators in large organisations from this apocalyptic forecast.

At the same time as starting to build what it hopes will eventually become a nationwide network, SLRP is continuing to broaden the scope of its activities in London. As well as recruiting a large number of extra corporate members, it has begun to attract a growing body of public sector managers to its meetings. Previously it addressed itself mainly to private sector companies and individuals.

Christopher Lorenz

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THE ARTS

Arts Week

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Opera and Ballet

LONDON

Royal Opera, Covent Garden: the new production of Bellini's I Capuleti e i Montecchi is a venture entirely justified by the conducting of Riccardo Muti and the lustrous, passionate Romeo of Agnes Baltsa; Edita Gruberova makes an impressive London debut as Juliet. Rigoletto, revived in the ancient and near-decrepit production of Zeffirelli, marks Sherrill Milnes' first Royal Opera showing in the title role. Others in the cast include Alida Ferrarini (British debut), Dennis O'Neill, and Gwynne Howell; Edward Downes, the leading British Verdi conductor, is in charge once again.

English National Opera, Coliseum: John Copley's production of Der Rosenkavalier is revived with important cast newcomers – Josephine Barstow (Octavian when this show was new) undertakes her first Marschallin, and Anne Dawson, one of the brightest of young British sopranos, makes her house debut as Sophie; Sally Burgess is Octavian, and Friedrich Pleyer conducts. Further performance of War and Peace, the ENO's long-admired Prokofiev spectacular.

Royal Opera Covent Garden: A brand new ballet by Derek Deane comes into the Royal Ballet's repertory, with a revival of Balanchine's sublime Agon, and the first performance by the Royal Ballet of Juri Kylian's dank return to a Strange Land in a triple bill.

PARIS

Claude Debussy's La Damoiselle Elue inspired by Rosetti's The Blessed Damozel in a double-billing with Purcell's Dido and Aeneas in a new production with Jessye Norman as Dido, Christine Barbaux, Veronique Dietchy as Belinda and William Stone as Aeneas, with Jean-Claude Casadesus conducting, at the Opera Comique-Salle Favart. (2960611)

Momix Dance Theatre with its improvisations and sense of humour, its shadow dancing and a quartet on skis gives an early evening performance at the Théâtre De La Ville. (2742277)

Marco Spada alternates with Jules Massenet's Werther, conducted by Georges Pretre with Alfredo Kraus in the title role and Gino Quilico as Albert, in the Florence Teatro Communale production at the Paris Opera. (7425750)

Sankai Juku group performs the Japanese dance Buto at the Théâtre de la Ville. (2742277)

WEST GERMANY

Berlin, Deutsche Oper: Don Pasquale is added to the programme, with Constanza Cuccaro and Rüdiger Wohlers. Die lustige Weiber von Windsor has Gustav Kuhn and Lucia Peacock in the leading roles. Also Der fliegende Holländer, and La Bohème with Pilar Lorengar, Karin Ott and Franco Tagliavini.

Hamburg, Staatsoper: Die Meistersinger von Nürnberg with Rene Kollo, Bernd Weikl and Beatrice Niehoff; Fidelio, with Gwyneth Jones and Manfred Jung. Zar und Zimmermann rounds off the week.

Frankfurt, Opera: Yoko Watanabe starts as Madame Butterfly, and Der Freischütz has a new cast with Beatrice Niehoff, Barbara Bonney and Walter Raffeiner. Also in repertory is Die lustige Witwe, Don Pasquale with Günther Reich and Barbara Bonney and Busoni's Doktor Faust, with Günter Reich and William Cochran.

NEW YORK

A Night in Venice (Eastside Playhouse) Alice Hammerstein Mathias's lyrics accompany Strauss waltzes for the Light Opera of Manhattan's view of romance at Carnival time. Ends April 22. 334 E. 74th (8612288)

Paul Taylor Dance Company (City Center): The nearly month-long season of mixed repertoire features premieres of Paul Taylor's Byzantium set to music by Varese and Equinox set to Brahms, along with revivals of Big Bertha, Profiles, Runes and Nightshade. Ends April 15, 55th E. of 7th Av (5817907)

TOKYO

Peking Opera, National Theatre: Led by Mei Pao-Chu, Monkey King Battles Queen of the Rats, The Lonely Queen; The Monkey King Confronts an Imitator, Fairy Story of a White Snake, Daito Ken; and The Monkey King's Fight with the King of the Bulls on Fire Mountain. (587571)

ITALY

Milan, Teatro alla Scala: Leoncavallo's I Pagliacci, directed and with scenery by Franco Zeffirelli with Adriana Maliponte and Giuseppe Giacomini. In the same programme the ballet "La Strada", with music by Nino Rota, choreography by Mario Pistoni. Danced by top ballerina Carla Fracci. (Sun, Wed) (809126)

Rome: Teatro dell'Opera. Verdi's Requiem conducted by Guiseppe Sinopoli sung by Mara Zampieri, Brigitte Fassbänder, Peter Dvorsky and Ruggiero Raimondi. (Tue, Thurs) (461755)

VIENNA

Strauss' Wienerblut conducted by Bauer-Theussl, Volksoper. (Fri, Sun) (5324/2657)

The Dance 84 festival continues at the Staatsoper with: Swan Lake, choreographed by Nureyev with Brigitte Stadler and Rudolf Nureyev and the Vienna Staatsoper Ballet. (Sat). Don Quixote: also choreographed by Nureyev (Wed). Daphnis and Chloe and The Firebird. Both choreographed by John Neumeier. (Thur)

BRUSSELS

Twentieth Century Ballet Company directed by Maurice Bejart performing The Magic Flute. Cirque Royale till April 15.

The Netherlands Dance Theatre

The Netherlands Dance Theatre, one of the world's leading exponents of modern ballet, celebrates its 25th anniversary in April and plans a series of special performances based on famous productions from its first quarter century. The principal among these "gala performances" will take place in the Circustheater, Scheveningen, just outside the Hague, on April 7, but there will also be opportunities to indulge in some classic moments from modern choreography at the following venues: The Stadschouwburg, Rotterdam, May 24; The Stadshouwburg, Utrecht, April 26; Scheveningen again on April 27 and 28 and The Stadschouwburg, Amsterdam, on May 29 and 30.

Tippett premiere in Boston

The Boston Symphony will perform the world premiere this weekend of Sir Michael Tippett's The Mask of Time, which was commissioned by the orchestra to mark its centenary. Sir Colin Davis, the Boston Symphony's principal guest conductor, will conduct the work, which includes texts by Milton, Eliot and Loren Eiseley in a wide ranging comment on the human condition. Soloists performing with the Tanglewood Festival Chorus conducted by John Oliver are soprano Faye Robinson, mezzosoprano Yvonne Minton, tenor Robert Tear, and bass baritone John Cheek.

The work is meant to resemble a Renaissance masque but it was also inspired by Bronowski's television series, The Ascent of Man. The text, which was partially written by the 80-year-old composer, is divided into two parts, one mythological and the other historical. Symphony Hall, Boston (2661492)

Music

PARIS

Katia Ricciarelli recital, Marcello Guerrini piano: Verdi, Bellini, Schubert, Faure, Negro Spirituals. (Mon) Théâtre de l'Athénée (7426727)

Montreal's Symphony Orchestra conducted by Charles Dutoit: Berlioz, Stravinsky. (Mon) Théâtre des Champs Elysées (7234777)

English Chamber Orchestra conducted by Raymond Leppard, Emanuel Ax, piano: Mozart, Schobert. (Mon) Salle Pleyel. (5610630)

Orchestre National de France conducted by Zoltan Pesco: Ivo Malec, Bela Bartok. (Tue) Théâtre des Champs Elysées (7234777)

Radu Lupu piano: Schumann, Mussorgsky. (Tue) Salle Pleyel (5610630)

Orchestre de Paris conducted by Adam Fischer: Mahler's Symphony No 10 - adagio, Symphony No 1. (Wed, Thur) Salle Pleyel (5630796)

TOKYO

Tokyo New Philharmonic Symphony Orchestra, conductor Seiji Ozawa: Beethoven, Stravinsky. Tokyo Bunka Kaikan. (Mon) (8262111)

WEST GERMANY

Berlin: Opera: a lieder recital with James King, piano Eberhard Adler: Peri, Schubert, Wagner, Strauss. (Tue)

Frankfurt, Alte Oper: gala concert with the Frankfurt Opera Orchestra, conducted by Michael Gielen with soloists Edith Mathis and Romero Franceschi: Mozart, Haydn, Schumann, Liszt, Beethoven (Mon). Rudolf Buchbinder, piano: Beethoven (Tue)

LONDON

Scottish National Orchestra, conductor Sir Alexander Gibson, Ivo Pogorelich piano: Weber, Chopin, Rachmaninov. Royal Festival Hall (Mon) (9283191)

Royal Philharmonic Orchestra, conductor Moshe Atzmon, Cristina Ortiz piano: Rossini, Handel, Rachmaninov, Dvorak. Barbican Hall (Mon) (6388891)

Bournemouth Symphony Orchestra, conductor Rudolf Barshai, Yefim Bronfman piano: Brahms programme. Barbican Hall (Tue)

London Symphony Orchestra, conductor Claudio Abbado, Shlomo Mintz, violin: Beethoven programme. Royal Festival Hall (Tue)

London Sinfonietta and Voices, conductor Lothar Zagrosek: first performance of Lloyd's Mass for six voices and first British performance of an Ulrich Stranz work in an otherwise Kurt Weill programme. Queen Elizabeth Hall (Tue) (9283191)

Philharmonia Orchestra and Chorus, conductor Simon Rattle, Alison Hargan and Florence Quivar soloists: Mahler, Webern, Schoenberg. Royal Festival Hall (Wed)

VIENNA

Tango Festival at Konzerthaus on Monday. (721211)

Lieder and Arien: Michelle Berger, mezzosoprano, Roberta Cunningham, soprano, Lucetta Marty, piano: Mozart, Brahms, Richard Strauss. Konzerthaus Schubertsaal. (Mon) (721211)

Vienna Symphony Orchestra: conducted by Gary Bertini with Dmitri Sitkovetsky, violin: Mozart, Mahler. Musikverein (Wed, Thur) (658190)

ITALY

Rome: Sibelius Violin Concerto in D minor (Violinist Silvia Markovici) and Brahms Symphony No 2 – conducted by Gianluigi Gelmetti (Sun, Mon, Tues): Auditorio di via della Conciliazione: Teatro Olimpico (Accademia Filarmonica Romana) Piazza Gentile da Fabbriano: pianist Alessandro de Luca playing Brahms, Schumann and Bartok. (Wed) (393304)

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Brigitte Engerer, piano: Haydn, Boulez, Tchaikovsky (Tue); Zubin Mehta conducting, Lorne Munroe cello: Carter, Bloch, Tchaikovsky (Thur). Lincoln Center (8742424)

Carnegie Hall: Randall Hodgkinson, piano: Beethoven, Copeland, Perle, Chopin, J. Strauss (Tue); Ivo Pogorelich, piano: Bach, Chopin, Prokofiev (Thur) (2477459)

Merkin Hall (Goodman House): Abel Carlevaro, guitar recital: Villa Lobos, Torroba (Mon); Berenice Bramson, soprano recital: Britten, Wolf, Rachmaninov, Weill, Bramson (Tue). 67th W. of Broadway (3628719)

WASHINGTON

National Symphony (Concert Hall): Leonard Slatkin conducting, Yo-Yo Ma, cello: Rouse, Elgar, Franck (Tue, Wed, Thur). Kennedy Center (2543776)

CHICAGO

Chicago Symphony Orchestra (Orchestra Hall): Sir George Solti conducting, Eunice Lee, violin: Berlioz, Paganini, Chaikovsky (Thur). (4358122)

Exhibitions

NEW YORK

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargemants and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 105th storey

Picasso: The Last Years (Guggenheim): A show of one tenth of one per cent of Picasso's last decade of work still has 200 pieces in it, showing a restless spirit trying to capture the last personal vision by dint of sheer energy working at a furious pace. Ends May 6.

LONDON

ICA: William Morris Today – a documentary for the 150th anniversary of the sage's birth, celebrating his ideas and principles rather than his practical work in the arts and crafts. Morris was a romantic and visionary, one of the most important of British theorists of early, idealised Socialism; and if his vision has manifestly failed to be realised, it remains nevertheless in so many respects admirable and always honourable. He was a designer of genius, though a poor painter and indifferent poet – and in the longest run it is as a designer that his work will stand. Ends April 29

ITALY

Rome: Galleria di Palazzo Spada. Piazza Capo di Ferro: Beautiful seventeenth century palace containing a fine collection of paintings of the same period. The building has been closed for restoration for some time and re-opened this week. It is also possible to visit the Room Of The Four Seasons, normally closed, with its beautiful mouldings by Mazzoni. The charm of this gallery is that it has kept its character as a private patrician art collection.

Guggenheim Foundation – Palazzo Guggenheim: usually closed in winter but opened especially for a small exhibition of 10 paintings by Jackson Pollock.

PARIS

William Bouguereau: An exhibition which continues the present rehabilitation of academic art of the second half of the 19th century. Petit Palais. Closed Mon. Ends May 6 (2651273).

Camille Claudel: 70 sculptures accompanied by paintings, drawings and engravings prove the individuality of Rodin's pupil who, through her realism and, later on, a sense of the theatrical, found her own way. Musée Rodin. Closed Tue. Ends June 11 (7050134).

WEST GERMANY

Cologne, Wallraf-Richartz-Museum, An der Rechtschule: Fifteen paintings by six Dutch masters of the Utrecht school of painting dating from the 17th century, on loan from the Utrecht Zentraalmuseum. Ends May 20.

Stuttgart, Staatsgalerie: 500 graphical masterpieces from the 15th century to date are shown here on the occasion of the opening of the new house. Ends June 16.

BRUSSELS

Treasures for the Table: Gold and silverware, porcelain and glass from Vienna, Paris and Brussels, including part of the solid gold service made for the Empress Maria Theresa and Louis XV's Sèvres service offered to her to commemorate the Franco-Austrian alliance. Credit Communal Passage 44 until June.

VIENNA

Out Of Steppe and Oasis: A colourful exhibition of treasures from the high desert plateaus of Turkestan, the heartland of Central Asia, stretching from China to the Caspian Sea, many brought back by 19th-century Viennese travellers. A display of artistic skill applied to household articles and clothing, carpets, saddlebags and especially jewellery, that a nomadic people could carry with them on their camels. Museum of Ethnology (Völkerkundemuseum). Until April 30.

NETHERLANDS

Hans Koper: An exhibition of the ceramics of this Dutch artist and craftsman, who died in 1981, can be seen at the Museum Boymans van Beuningen, Rotterdam, until May 20. Koper was well known in England, and the display is arranged in co-operation with the British Council and the Sainsbury Centre for the Visual Arts in Norwich.

TOKYO

Gandhara Art of Pakistan, Seibu Museum of Art displays 140 of the most important works from major museums in Pakistan, including Buddhist sculpture, metalwork and daily objects. Ends May 8.

Qin Dynasty Terracotta Warriors and Horses, Sunshine City Bunka Kaikan. This is the first public display outside China of these 14 life-size pottery figures and other artifacts from the tomb of Qin Shihuang, first Emperor of the Qin dynasty (221-216 BC), in Sian Shensi province. Ends April 15.

German Expressionist Painting, Kamakura Museum of Modern Art. Part of the Buccheim Collection currently on tour includes works by 20th century German artists Karl Schmidt-Rottluff, Otto Müller, Max Beckmann, Otto Dix, Lionel Feininger. Ends May 6.

Kano School Screens and Scrolls, Okura Shukan Museum. Dating from the Muromachi era (1337-1573) to Edo period (1603-1868) these beautiful panelled screens and hanging scrolls graced the castles of the military leaders. Ends April 22.

Foreign Culture in Ukiyo-e, Ohta Memorial Museum. Ukiyo-e prints depicting Yokohama and Nagasaki, towns associated with the new and exotic, being the first ports open to foreign trade in the 19th century. Ends April 24.

Theatre

TOKYO

Cats (Cats Theatre). The specially built tent theatre, excellent set, good dancing and Kabuki-originated movement all make the Japanese version worth seeing. Shiki company, directed by Keita Asari. (3201001)

Kabuki: Mumazu, Sonezaki Shinju or Double Suicide at Sonezaki (Kabuki-za). One of Chikamatsu's most famous plays based on a true incident. English programme details, simultaneous earphone commentary. (5413131)

Kabuki: Go-hiki Tsunagi Uma, or Pulling the Tethered Horse (Meiji-za). This production is reputed to have cost Y10m (£44,000) and tells the story of a man who disguises himself as various warriors, and a spider in order to avenge his father's death. (8675151)

Fiddler on the Roof (Imperial Theatre). The Japanese version by the Toho company with Morishige Hisaya in the lead. (2137221)

Anne of Green Gables (Nissei Theatre). A Shiki company production with Reiko Nomura as Anne, directed by Keita Asari. (5033111)

Tango at the end of Winter or Tango Fuyu no o-wari (Seibu Theatre). Collaboration of famous Japanese playwright Shimizu and director Ninagawa, with stars of stage and screen Yuko Natori and Mikijiro Taira, in a story about the declining fortunes of an actor who retires and returns to his home village. (4775858)

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale of la Gaité Parisienne, but the intimate moments borrowed direct from the film. (7572626)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (9449450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (2396200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (2460246)

The Human Comedy (Royal): A sold out ten-week engagement at the Public led to this Broadway incarnation of William Saroyan's gentle story of California folk, as interpreted in oratorio by Hair's creator Galt MacDermot with William Dumaresq's libretto. (2396200)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (4963000)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (4883300)

The School for Scandal (Folger): With Dawn Spare as Lady Teazle and Lione Mansell as Lady Sneerwell, Sheridan's "delicacy of hint and mellowness of sneer" comes to give inspiration close to the nation's capital in a production directed by Allen R. Belknap (5464000).

Nine (Opera House): Sergio Franchi, who rode out the Fellini role in the Broadway production of the musical based on 8½ takes to the road with Marcy Yeston's good tunes and Tommy Tune's delightful scenes in an Italian bathhouse. (2543770)

LONDON

Loot (Ambassadors): Leonard Rossiter is a wonderful Truscott in Jonathan Lynn's enjoyable revival of Joe Orton's farce in which a leading role is played by a mummified corpse. The versatile Gemma Craven plays the Irish nurse who is open to offers and party to crime. (8361171)

The Aspern Papers (Haymarket): Vanessa Redgrave and Wendy Hiller give superb performances in Michael Redgrave's 1959 version of Henry James's story. The inquisitive scholar who descends on their Venetian palazzo is played, ponderously, by Christopher Reeve. (9309832)

A Streetcar Named Desire (Mermaid): Sheila Gish gives the performance of her life as Blanche Dubois in Alan Strachan's excellent revival. First seen last year at Greenwich. Tennessee Williams's emotional rollercoaster of a play amounts to one of the best evenings in town. (2365568)

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (9302578)

Cinema/Nigel Andrews

Passion's Swann song

Swann in Love, directed by Volker Schöndorff
City of Lost Souls, directed by Rosa von Praunneim
Losin' it, directed by Curtis Hanson
High Road to China, directed by Brian G. Hutton

Jeremy Irons and Ornella Muti in "Swann in Love"

"If you have read Froust, try to forget it," said director Volker Schlöndorff before the Press show of *Swann In Love*: causing the largest sigh of collective relief I have ever heard in a cinema. Those who had read Proust put away their refrsher volumes. Those who hadn't read Proust pu away their guilt feelings.

Reading Proust is, of conrse, a lifetime vocation, much like laking holy orders: with tea and madeleine cakes replacing the sacremental wine and wafers. Schlöndorff's film is no mad crack at encapsulating the whole of *A La Recherde du Temps Perdu* but an attempt to draw together the parts of Volume 1 describing the *omour fou* between rich Jewish socialite Charles Swann and beautiful demi-mondaine Odette de Crecy.

Proust's style of telling his storeies not in an unbroken line but in fleeting scattered flashes has caused screenwriters Jean-Claude Carriere and Peter Brook to trawl the book for these clues and bind them together in a single 24-hour span: with a tiny sprinkling of flashbacks and a brief epilogue culled from later volumes to show us the eventful "fate" of Swann and Odette. So we glide with our hero (Jeremy Irons) through a day and night of romantic agony as he bids to storm the mystery of Odette (Ornella Muti) and to determine if she is to be his or not.

Around this central passion is a whole Proustian whirl of class snobbery, social protocal and amorous paradox (why does desire always draw us to the most inrongruous or frustrating love objects?), which Schlöndorff conducts with immense grace and wit: from the satellite exotics at the story's edge —Fanny Ardan's Duchess of Guermantes, aflame with social panache and red velvet, and Alain Delon's Baron de Charlus, a black-rinsed dandy with mocking gestures and exquisite smile —to Muti's voluptuous, kitten-faced siren and Irons as love's lost labourer.

Poor Swann is undone, as most lovers in French literature are, when the reality of unappeased desire and the chimera of "true love" close together, causing free will aod clear judgment to be crushed agonisingly in the middle. We watch our hero follow Odette from house to house, from opera to dinner party, from midnight rebuff to nocturnal knock on window. (First he hammers on the wrong one and disturbs her appalled neighbours.) And through all this the superb Irons preserves a distracted delicacy, a sweet-natured state of shock, as if he's being torn limb from limb spiritually while still trying to preserve his suave social facade.

The movie might have been more subtle and challenging, and would certainly have been more "Proustian," if there were more quicksilver slippage between time-zones. But Schlöndorff's preference for linearity does capture the remorseless single-gauge monomania of passion: especially in scenes like Swann's wild soliloquising walk through night-time Paris (prior to window knocking), with his driver clip-clopping quizzically behind wondering how soon he will have to sweep up the master's pieces. (The servants play a role almost as mute super-egos in the film.) And whenever *Swonn In Lore* threatens to subside into the reflect elegance of costume drama, it is hoisted high by the sinewy modernisms of Hans Werner Henze's music and the grainy glow of the colour photography by Bergman's cameraman Sven Nykvist.

*

Watching the rest of the week's new films is like being mown down by the converging celebrants at a fancy dress party. Rosa Von Praunheim's semi-documentary *City of Lost Souls* takes us to loopiest Berlin, where a group of expatriate Americans rule a corner of the city's Bohemia and the subculture *dromatis personae* include blacks, homosexuals, transexuals, transvestites and any and every combination of the four.

Amid the totemic horor of their trysting place—the "Hamburger Queen" cafe, awash with giant soft-sculpture burgers—romp such as Angle Stardust (black drag artisle), Joaquin (nightclub bermaphrodile), Jayne County (bisexual blonde) and Tara O'Hare (androgyne stripper). Meanwhile gay trapeze artist Tron is working out with his new plumber friend, black dancer Gary is the hub for an all-nude Witches Sabbath number and a girl whose name I didn't catch lies on a sumptuous Hollywood-styl bed under a ceiling-size spider's web.

All human life is here, including many garden varieties you never new existed. The film should be sampled in two-minute snatches rather than at the entire sense-smaahing hour and a haf. But Rosa Von Praunheim (Herr) proves once again (previous films including *Army of Lovera* and *Red Love)* that sobriety is the vice of life and anywhere yon bang-up your hang-ups is home. The film, though unrontrollable, is often irresistible.

*

Losin' It, hot on the heels of *Risby Business*, continues the amazing intrepid search of young America to lose its virginity. Where Proust and Schloudorff depict sex as a gateway to discovery (of self and others) and Von Praunheim paints sex as a giant existential wardrobe offering choice of identities, these Hollywood youth movies present sex as the penny-in-the-slot Open Sesame lo maturity. Throw away your virginity, they cry, and you will instantly become adults. If only it were that simple. . . .

Tom Cruise, Jackie Earle Haley, John Stockwell and John P. Navin Jr are the four California high school boys driving across the border for a hell-raising weekend in Tijuana; prompting recall of the famous lyric, "What do you do in Tijuana when you wanna snuggle tight?" What they do is canoodle with the ladies of the night, buy up large aphrodisiac stocks of Spanish Fly, get lo trouble with the police, chat up young girls whose macho brothers then swoop for vengeance, and end up fleeiog back across the border wilh almost the whole of Mexico at their heels. The movie is directed with much noise and little wil by Curtis Hanson.

High Road to China is like a high-flying adventure tour that has forgotten to take on board a captain and cabin crew. This tale of an aspiring heiress seeking her missing father—without whom for complex reasons she won't become an heiress—surges from Turkey to China via Afghanistan, circa 1920, and is without any characters strong enough to control or pilot our interest in what happens to them. Neither the venal heroine, though played with a pretty sparkle by Besa Armstrong, 'nor the sub-Burt Reynolds hero (Tom Selleck), a flying instructor whose two rattletrap bi-planes and drunken expertise she hires, nor his roly-poly, comic-relief assistant (Jack Weston). Director Brian G. Hutton, who unenviably replaced John Huston, rushes them from action scene to action scene, as if he fears the film will crumble at the first pause for reflection. But be needn't worry—it crumbles well enough without them. Only Robert Morley flickers with corpulent panache as the London-based villan, reminding us that Huston did indeed do all this better 30 years ago *(Beat, The Devil, The Africon Queen)* and is much missed here.

*

A relief lo turn lo *The Country Girls*, where our two heroines do not have 48 hours to get out of Tijuana or 12 days lo find China-based Dad, but the whole of their teenhood lo grow up at normal speed amid the colours and caveats of postwar Ireland. Desmond Davis's film of an Edna O'Brien story (scripted by herself) has already been seen on Channel 4 TV and now unfurls its warmth and tough wit across the Minema screen. Beautifully acted by Maeve Germain and Jill Doyle as the girls and Sam Neill as the sad seducer Mr Gentleman, it's also the best directing feal by Davis since *The Girl With Green Eyes.*

Edinburgh International Festival programme announced

The American Smithsonian Institute is to mount the targest exhibition at this year's Edinburgh Festival, which runs from August 12 to September 1. *Treasures of the Smithsonion Institute*, which will reflect the history and culture of the U.S., will be held at the Royal Scotties Museum.

Frank Dunlop, festival director, yesterday announced details of the programme, which will include nine orchestras, two opera rompanies, eight theatre companies, three dance companies and seven major exhibitions.

The Smithsonian Institute will also stage performances by gronps representing every aspect of American music; among them The Modern Jazz Quartet, The Smithsonian Chamber Players, a black acapella quintet, Cajun musicians and an Appalachian string band.

Rudolph Nureyev will be visiting the festival, Edinburgh's 38th, with the Paris Opera Ballet and will dance at every performance in a programme of Commedia dell' Arte ballets.

The festival's music programme will open with the Philharmonia Orchestra under Riccardo Muti in an evening which includes Rossini's *Stobot Moter*. Seija Ozawa and the Boston Symphony Orchestra will perform Dvorak's *From the New World* and The Royal Philharmonic Orchestra will appear under Walter Weller in a Bartok programme, including *Duke Bluebeord's Castle* with Dietrich Fischer-Dieskau.

The Berliner Ensemble, first formed by Bertolt Brecht in 1947 (the year of the first Edinburgh Festival), is to perform Brecht's *Golileo, Golilei*. Delphine Seyrig, the French actress, comes to Edinburgh with the British premiere of *Sorah et le Cri de la Langouste*, a play about Sarah Bernhardt's final years.

From Broadway, a Murray Schisgal comedy will star husband-and-wife team Ann Jackson and Eli Wallach while off-Broadway is represented by The Negro Ensemble which will present the Pulitzer winning piece by Charles Fuller, *A Soldier's Tale*. The Harold Clurman Theatre of 42nd Street will stage the British premiere of two programmes of Samuel Beckett plays. Max Wall will appear in a performance compiled from *Molone Diea* while Professor James Knowlson of Reading University will show films and hold aeminars relating to Beckett's tife.

In the Queen's Hall, the cartoonist Mel Calman will present an exhibition entitled A Clutrh *of Cortoonists*, featuring the work of Marc, Boxer, Posy Simmonds, Heath and Larry.

Benefactors/Vaudeville

Michael Coveney

Noises Off was always going to be a hard act to follow, and Michael Frayn is wise in one respect at teast by turning his hand to something completely different. Not astonishing, or surprising, or even particularly interesting, but different. Two married couplea, whose friendship is founded on the male bonding of an Oxbridge college, are driven together and then apart as the bottom falls out of the high-rise market.

David is an architect, a North London Masler Builder who is moving up in the world and into the sky, refining his plans for a big council redevelopment from six 18-storey blocks in South-East 15 until left with two giant skyscrapers and an ornamental pool.

His friend, Colin, a journalist on women's magazines, is riddled with envy and general bad temper. This nasty piece of work is played with effortless hlankness by Tim Piggott-Smith who has hardly removed his *Jewel in the Crown* scarred face when along comes his own wife here (Brenda Blethyn) to throw a scalding panful of home-cooked sustenance all over the healing tissues.

The soup is mimed, the incident given a slow-motion Pekinpah treatment by director Michael Blakemore who knows a trick or two when they are needed. The kitchen of the play, designed by Michael Annals to colour supplement expectations — stripped Welsh dresser, pine table, kids' drawings on the wall—against a sombre cut-out of terraced houses, belongs to David (Oliver Cotton) and Jane (Patricia Hodge).

They found the house opposite for Colin and Sheila, who have consequently been repaying the debt by availing themselves daily of rather more than a cup of sugar. As in Ayckbourn, children are conspicuous by their absence. As in the Arthur Miller play discussed elsewhere the play uses past incidents as a way of examining the present and characters use direct address shading into monologue and then dialogue.

The time span covers a period from the late 1960s to the election year of 1974, when Colin, by now based in a Wandsworth squat, stands as an Independent against his friend's acheme and polls 173 votes, most of them cast in sympathy for his bandages as a result of the Pekinpah aequence.

Not only Colin, but also public opinion, has turned against David, in the wake of the Ronan Point disaster, fleetingly referred to by Jane. And Colin's campaign has not been above slurring David for his foreign, presumably Jewish, extraction. The play becomes more engaging as it goes on because these public elements begin to impinge.

Patricia Hodge

But Mr Frayn holds back, concentrating to the end on the ironies implicit in his title. Doing good and do-gooding are differeot things. They are confused by David and Jane who allow the sad and broken figure of Sheila to cling to their kitchen and practical hospitality before offering her a job with David. She then becomes a lap dog, an acolyte at the altar of his professional foolhardinesa.

Sheila, who receives the best performance of the evening from Brenda Blethyn, has been ridiculed and belittled throughout her married life and it is a measure of her desperation for human contact, encouragement, that not even sex comes into her apparent needs — or, for that matter, anyone else's. How such a sexless quartet produced five children between them must remain a minor mystery of the evening.

Mr Frayn is such a good writer that nothing he produces can be without some saving grace, In this case the heavily ironic commentary upon personal motivations that result in undesired but morally preferable ends.

Patricia Hodge plays the icily authoritative Jane with svelte bossiness and a hard edge. Oliver Cotton is an actor of special quality not really suited to this sort of material. His delivery is foggy, imprecise, his enunciation and diction, frankly, bad. Brenda Blethyn aa Sheila, trembling on the brink and then shivering in the void as marital recriminations fly around her head, is technically proficient and emotionally convincing.

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The lessons of Grenada

"It WAS an extraordinary way to treat a valued and old ally." Thus Mr Norman St John-Stevas, a member of the House of Commons Foreign Affairs Committee, yesterday summed up the action of the U.S. Government in keeping from Britain its intention to invade the island of Grenada last October.

The committee's report on the Grenada affair was not, however, an exercise in retrospective recrimination. Indeed the Conservative majority on the committee carefully steered clear of passing any judgment on the rights and wrongs of the invasion.

The report makes a number of sound, though very general, recommendations about British policy towards the Commonwealth Caribbean. Repeating the formulae it put forward two years ago, which fell on deaf ears, the committee calls for the British Government to make a continuing and serious commitment to a region of the world with which Britain has very close ties.

Unwillingness

It hints very strongly that the ministers at the Foreign and Commonwealth Office have been less than competent in their dealings with the area. They do not, the report suggests, sufficiently understand its problems and are not aware enough of the special role and standing of Britain in the region. British diplomats and aid administrators have an unrivalled knowledge of the Caribbean, a legacy of an age, only just passed, when it was directly administered from London. What has been lacking in recent years has been the realisation on the part of ministers that the West Indies cannot be ignored as interest concentrates on the larger topics in world affairs.

Since the failure of British attempts two decades ago to launch a Federation of the West Indies, which was to have provided a safe haven for the various small territories of the region after decolonisation, there has been notable unwillingness on the part of successive British governments to think constructively about the Caribbean. Whitehall and Westminster have given the impression of standing idly by while a succession of precarious mini-states have acceded to a shaky independence.

When the present ministers have adequately mastered their briefs they could do worse than to explore the opportunities of encouraging the new willingness of the small states of the West Indies to collaborate with each other. The Grenada affair was only the most recent of a series of misadventures which have convinced many Caribbean leaders that they cannot survive and prosper on their small islands or sparsely inhabited mainland territories if they ignore their neighbours.

In seeking to advance in the 1980s the strategy of regional co-operation that the UK Government failed to carry through in the 1960s, British ministers could sound a warning against politicians and governments who want to transform the Caribbean into an area of East-West conflict and load down the peoples of the area with arms that they do not need and cannot afford.

In its report the committee wisely pointed to "the susceptibility of apparently stable international alliances and communities to the disruptive effects of events on their margins." In other words small territories and tiny communities have an infinite capacity to bedevil the lives of big powers.

That has been amply demonstrated in Anguilla, the Falkland Islands, the Seychelles, the Comoros, Vanuatu and many other places. When the Reagan Administration was planning the invasion of Grenada, Sir Geoffrey Howe happened to be in Athens, just as when the Argentines invaded the Falklands his predecessor found himself in the Middle East. In both instances British interests suffered because sufficient attention was not devoted to small but explosive problems. The committee's report shows how high the price can be for such inattention.

New start for UK accountants

MANY British finance directors, and many thoughtful accountants, will doubtless reckon that Mr Ian Hay Davison has proposed a neat solution to the bitter controversy over inflation accounting that has dogged his two-year stint as chairman of the Accounting Standards Committee (ASC). For, with last week's belated "statement of intent," he has contrived to propose a new standard that is at once laxer and stricter than the present, much derided, SSAP 16.

Son of SSAP 16 will be laxer because big quoted companies will no longer have to produce two sets of accounts—the hated supplementary current cost accounts are to be compressed into an easily-ignored note to the conventional historical cost accounts. It will be stricter because, if companies refuse to supply the current cost information, they will suffer a qualified audit.

There is less in this demand than meets the eye, however. The ASC has again been forced, at the last minute, to sacrifice its treasured principle of universality; small companies will be exempt. What is more, the footnote will be somewhat sketchy, since only rudimentary balance-sheet data will be required.

Ducking the issue

In any case, by proposing a watered-down version of SSAP 16 (albeit more strictly enforced), the ASC is again ducking the central issue. The British inflation accounting debate has always conflated two quite distinct problems: how should accounts be adjusted for the effects of general inflation—i.e., for changes in the purchasing power of money? And is historical-cost accounting, refined over centuries, conceptually correct even when general inflation is nil?

In the early 1970s, accountants assumed that only the first question mattered—that inflation was the only problem.

Their proposed solution to this problem was constant purchasing power (CPP) accounting. In effect, this assumed that historical-cost accounts were correct, but for inflation. Under CPP, they would simply be indexed for changes in the retail price index (or, say, the GDP deflator).

The Sandilands committee, in 1975, proposed CCA instead. Wrongly called an inflation-accounting standard, CCA ignores the first question and tackles the second. In effect, it rejects the whole concept of historical-cost accounting. Instead, it says that, in valuing assets and measuring profits, companies should look to current replacement, rather than original acquisition, costs. It stipulates adjustments for the *specific* prices companies face, not general inflation.

Versions of current cost accounting, such as SSAP 16, and, apparently, the proposed son of SSAP 16, should not be seen as attempts to adjust conventional accounts for the effects of inflation. Rather, they are different, competitive, accounting paradigms (in many ways intellectually superior) which, like *historical-cost* accounting, fail to recognise any specific problem arising from general inflation.

Relegating SSAP 16 to the notes to conventional accounts, as the statement of intent proposes, is a sad end to all this effort.

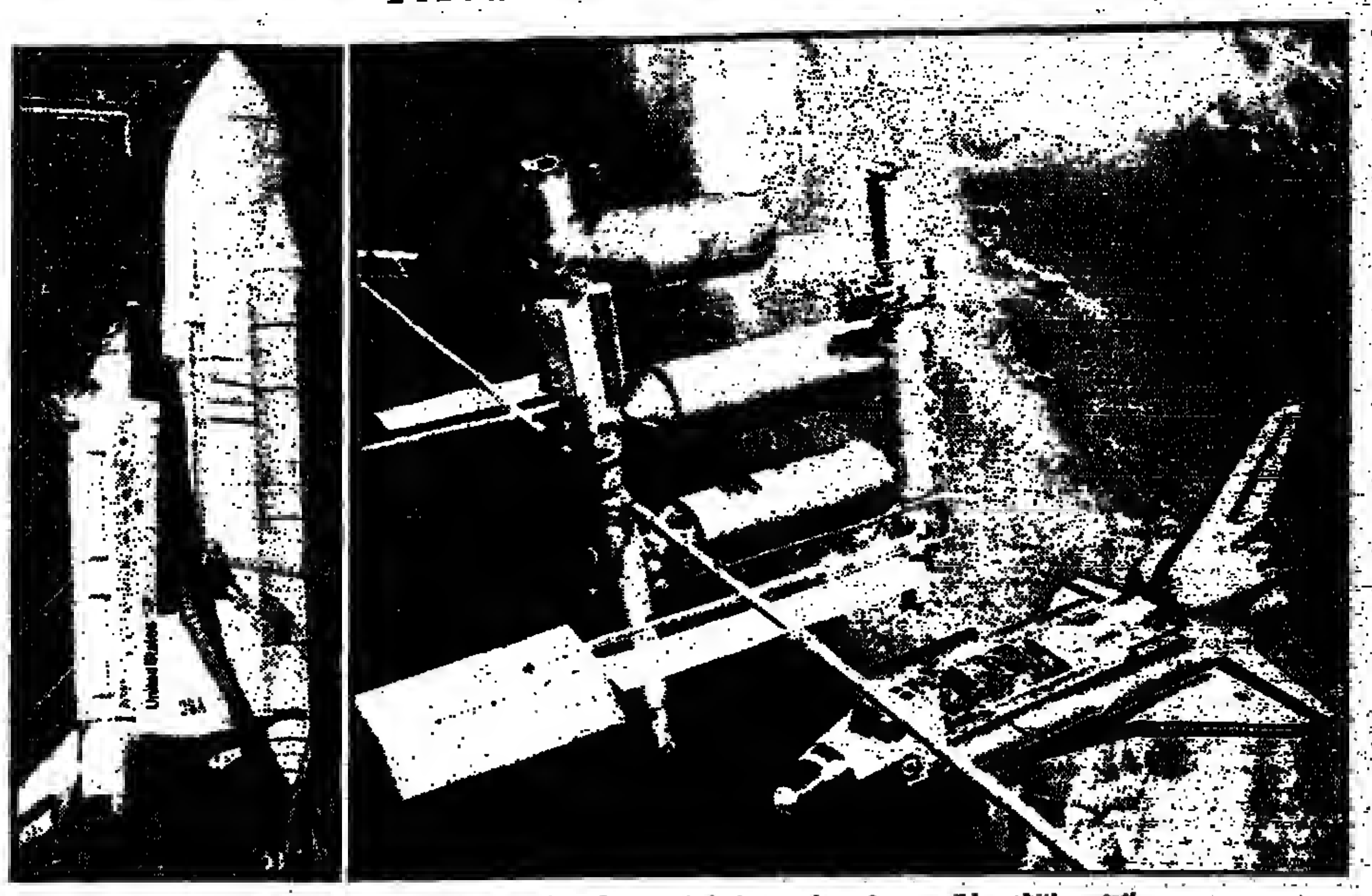
The continued existence of the CCA numbers suggests that the ASC still worries that historical-cost accounting is conceptually incorrect. Demotion to a footnote, though, indicates that the ASC accepts that the CCA *revolution* has failed.

Concessions abolished

This is regrettable on two counts. First, users of accounts are still relying mainly on figures which the profession admits would be a misleading guide to the state of the business even with zero inflation, and are doubly misleading when inflation persists. This is a serious failure in communication. Second, the question is now more pressing in a practical sense. During the years of the debate, companies enjoyed two concessions from the Treasury which gave them the tax benefits of inflation-adjusted accounts *without* putting them to the trouble of producing the numbers—stock relief, and 100 per cent first-year capital allowances. Both these concessions have now been abolished.

The CCA footnotes, therefore, have a potentially valuable role to play, even if they are carried, like a yachtsman's distress flares, in the hope that nobody ever actually has to take any notice of them. They are a sadly inadequate substitute, though, for truly informative accounts. Here, defeat must surely now be acknowledged, and the profession should conclude, like the Irishman, that we can't get there from here. Weary though they are, they should prepare themselves to start all over again, with a clean sheet of paper.

FACTORIES IN THE SKY



Space shuttle on launch pad (left) and an artist's impression of a possible orbiting station

Europe's chance to join in the industrial space age

By Peter Marsh in London and David Marsh in Paris

WESTERN EUROPE is deciding whether to join the U.S. in one of the century's most unusual and ambitious construction projects.

The work would produce an orbiting structure some 500 km above the earth in which scientists would lay the foundations for new industries that take advantage of the low gravity and vacuum of outer space.

According to the strategy of President Reagan, who unveiled plans for the space station in January, the structure would be like a condominium. Individual nations or companies would own shares in the space base and use facilities either for laboratory experiments or for prototypes of industrial workshops.

The structure would also serve as a staging post for long scientific trips into the solar system. And from the station, astronauts could behave as the space-age equivalent of garage hands, zooming into the heavens with their own personal rocket boosters to remedy defects in space vehicles.

Such ventures would be similar to a mission beginning today in which the crew of a space shuttle plans to repair an ailing scientific satellite (see today's Technology Page, 32).

The U.S. has asked Western Europe, together with Japan and Canada, to contribute up to $2bn to add to the $8bn that President Reagan has already committed to the space station.

Officials at the U.S. National Aeronautics and Space Administration want some kind of response from these countries by the end of the year. This is more likely to be an indication of enthusiasm (or indifference) rather than a binding "yes" or "no."

The scheme has stimulated European interest in the commercial possibilities of space programmes—if not in Britain (where ministers and civil servants are lukewarm about President Reagan's proposal) then in France and West Germany.

"The space station has always been the dream of the European Space Agency [the 11-nation body that co-ordinates West European efforts in space technology]. Now it is the dream not just of the engineers and technicians but of the people who make the decisions too," says General Jacques Mitterrand, brother of the French president and until last year chairman of the state-owned aerospace group Aerospatiale.

West Germany is particularly keen to help to plan the station, as opposed simply to using the hardware after the design is finished. "It is indispensable that we become involved in the planning," says an official in the country's ministry of research and technology. "Otherwise Nasa will go off in its own direction."

But several obstacles stand in the way of co-operation. The Europeans have to be satisfied that they gain more from a deal involving the Americans than by staying out of the scheme and perhaps producing, through ESA, their own version of a space station.

Western Europe is unhappy about the results of an earlier joint space project with the U.S. The ESA nations spent *some $750m building Spacelab*, an orbiting laboratory that fits into the shuttle's cargo bay. But under an agreement dating to 1973, Western Europe obtained only one free flight with the hardware (this was the maiden mission last November) after which Spacelab became the property of the U.S.

Apart from the political dimension, just to design and build the space structure will be a formidable task. Since the early 1970s, the Soviet Union (which in his January speech President Reagan notably excluded from any possible partnerships) has produced several small space stations.

People have lived and worked in these stations for continuous periods of up to eight months. No fewer than six men, including the first Indian spacefarer, are occupying the latest Soviet space base—Salyut 7.

The complexity of a nuclear power station

But the space structure that the Americans envisage would, so Nasa says, be technologically more advanced. For example, many of the control functions would be handled by computers. The station would thus take on some of the *complexity of, say,* a chemical works or a nuclear-power station.

The space base would also be bigger—with room for up to eight people initially. The station could contain docking ports for extra modules to increase the size of crews.

The American outpost in the cosmos would orbit the earth at about the altitude to which the space shuttle flies. The space shuttle is a vital element in the American plans.

Having spent some $15bn on its fleet of shuttles (which by next year should number four) Nasa needs an application for the vehicles—apart, that is, from lifting into the heavens satellites, for communications for instance.

Space shuttles will take segments of the station into orbit, where they will be bolted and welded together, Lego-style.

To industrialists, a space station offers a low-gravity airless environment in which certain technological processes take place much more efficiently than on earth.

For example, McDonnell Douglas, the aerospace company, and Johnson and Johnson, which makes pharmaceuticals, have joined forces to exploit electrophoresis in the heavens. In electrophoresis, substances are separated from mixtures according to the electric charges on their constituent molecules.

On earth, electrophoresis takes place slowly because gravity impedes the molecules' motion. In four experiments on the shuttle, the two U.S. companies have found that the process speeds up enormously in a weightless environment. Thus space factories promise to separate materials such as proteins that are impossible, or simply uneconomic, to produce on earth.

In June, one of McDonnell Douglas's own engineers will take to the skies in a shuttle to monitor further experiments. Mr Charles Walker, who has worked on the materials-separation programme for six years, will thus become the first space voyager from any country who is anything other than a government employee.

And next year, McDonnell Douglas will hoist into space aboard the shuttle a prototype of an industrial electrophoresis unit of the sort that could feature on the space station.

Other American companies are planning industrial ventures in space. Microgravity Research Associates of Coral Gables, Florida, says it will spend by the end of the 1980s about $40m on experiments out of the atmosphere to make gallium arsenide, a substance in growing demand in fast-switching electronic circuitry.

In space, the molecules in crystals are not influenced by gravitational attraction, so they can be grown free from the defects they suffer on earth. The Florida company plans to produce in 1990 some 40 kg of near-perfect crystals. Mr Bob Pace, vice-president of the company, hopes to sell the material at no less than $1m a kg—about 100 times the current price of gold.

John Deere, the farm equipment manufacturer, is to test on shuttle flights the behaviour of carbon and iron particles in ironmaking. With gravity "turned off," scientists can study such mechanisms in detail.

In a programme announced earlier this year, 3M, the electronics and office-automation company, will participate in shuttle flights to test new ways of making organic films. By

Bolted together in orbit, Lego-style

the late 1980s, new materials made in this fashion could appear in products such as recording tape and photocopiers.

"The work in space is not a shot in the dark," says Dr Chris Podsiadly, the director of 3M's research laboratory in St Paul. "It fits into our existing research programme in which we are working on the technologies of the 1990s."

As a first step to linking up with the U.S. effort, ESA has proposed to its member states that it should take part in preliminary studies with Nasa to define the design and structure of the station.

The studies would cost ESA some $30m to 1986. Only then would Europe make up its mind on the much costlier question of taking part in the construction phase.

M Jacques Collet, a planner in ESA's space transportation directorate, says this would give Europe the opportunity to talk to Nasa from the beginning on topics such as conditions of access to the station and the continent's share of the operating costs.

Commercial rights over inventions produced in space constitute another issue "of strong concern," says M Collet. "It would be "intolerable discrimination" if European companies using the station encountered legal barriers to the application of experimental results to commercial products.

Space planners in Europe believe that the continent can avoid becoming trapped in a lop-sided partnership (such as in the Spacelab project) only if it begins participation from the ground floor.

ESA officials plan further talks with Nasa over the next few months. An agreement on the study phase could be reached by the summer.

Partnership with Nasa over designing the station could be incorporated into ESA's existing programmes—perhaps as part of the Columbus project for an independent space module. This German-Italian venture, which is based on an adaptation of a Spacelab unit, is due to be taken on as a full ESA project by mid 1984.

At the same time, France is pushing for the "Europeanisation" of studies on an advanced engine called HM-60, which is designed to power a heavy-duty Ariane-5 rocket due to see service in the 1990s. Ariane 5 is a more powerful version of the current Ariane vehicles, built by a French-led consortium, that have emerged as a rival to the space shuttle for launching satellites.

The overriding question, however, remains: Can Europe afford the costs of participating in the venture? One answer is that a share in the space-station project could be fitted without much trouble into the Western Europe's annual space budget of some $1.3bn (which includes projects by both ESA and individual countries).

Put another way, can Europe afford not to participate? Dr Peter Glaser, for many years a leading advocate in the U.S. of the benefits of space industrialisation, declares: "This is a unique opportunity for mankind to co-operate in space for the benefit of everyone. Europe would be foolish to turn down Nasa's offer."

"Going into space is more than a TV spectacular. It is the prerequisite for further advances in industrial technology on earth."

As for the suggestion in February by President Mitterrand of France that Europe could collaborate on a military space station, this has no direct link with the purely civilian U.S. project.

But Mr James Beggs, the administrator of Nasa, tried on a recent visit to Paris to fan the flames of M Mitterrand's sudden enthusiasm for space technology.

The American space supremo suggested to the President that collaboration in the U.S. station could pave the way for countries to have their own space stations—perhaps for military purposes—later on. According to Mr Beggs, M Mitterrand "nodded affirmatively" at this idea.

Men and Matters

Scottish flavour for Euro justice

At long last, the Belgian government has made up its mind about who should replace *M. J. Mertens de Wilmars* as judge of the European Court of Justice. And the way is now open to the election next week of Lord Mackenzie Stuart to succeed him as president of the court.

Lord Mackenzie Stuart, an academic and a Scottish judge, was appointed to the European Court shortly after Britain joined the community. On his frequent visits home he has done much to imbue English and Scottish lawyers with a community spirit, and to acquaint them with the unfamiliar ways of the Luxembourg court.

The only other judge who could contest the election by virtue of seniority seems to be M. P. Pescatore, a well-liked Luxembourger, and a highly-regarded theoretician of community law. However, he let it be known that he likes law too much to give it up for the primarily diplomatic function of the presidency—the main task of the holder of that office is to reconcile the often greatly divergent opinions on the bench.

The replacement for de Wilmars—who resigned a year ago and has been waiting patiently for his relief to be drafted—is professor Rene Joliet, who has been teaching law at the University of Liege. The Belgian government long ago decided that the job should go to a liberal of Belgium's French-speaking community. But there were four candidates and the choice proved difficult.

Joliet specialises in anti-trust and intellectual property law. The title of his main work is The Rule of Reason in Anti-trust Law. That has a pleasant sound to lawyers who toil in that particular vineyard.

Joliet, who is a non-conformist by the standards of the European Commission, is expected to liven things up a bit.

"I've got a job! Demolishing Job Centres"

Plastic forms

Shell Chemicals sold about ½m tons of polyethylene in the UK last year to be turned into useful things like plastic carrier bags.

It also delivered a few hundredweights free to Coventry for George Wagstaffe to turn into a work of art.

Wagstaffe is probably the only sculptor in the country using the material as a serious artistic medium. He started experimenting with it as a student in the early 1960s, and used it to sculpt the phoenix which from 1962 until last year stood in Coventry's shopping precinct.

That original figure, and the bronze casting replacement he has just made from it, are among the items in an exhibition of his work which opens tomorrow at Coventry's Herbert Art Gallery.

Wagstaffe reckons he uses up half a ton of polyethylene a year, creating such diverse pieces as a naiad for a city fountain and a "flying cross" for a church.

He melts the polyethylene "nibs"—pieces the size of a liquorice sweet—with a blowtorch and mixes in powdered paints and metals to colour the material and create a paste which looks like clay.

"It can be applied with a spatula and worked very much like wax or clay while it remains molten, but becomes very much stronger than either when set," he says.

"It is possible to create beautiful textures by adding vermiculite," Wagstaffe adds. "It comes out looking almost like marble."

Tour de force

The Royal Shakespeare Company's tour of Europe is turning out to be a diplomatic as well as a cultural triumph.

On the day Le Figaro mounted a front page attack on Mrs Thatcher for her EEC budget stand, the paper carried a headline inside saying: "God Save Shakespeare."

The RSC's performances in Paris of Much Ado About Nothing were "absolutely brilliant," it added.

Le Parisien greeted the tour by saying "since the Iron Lady said no in Brussels, we say yes in Paris on a matter which has every chance of uniting Europe."

The RSC—whose tour has been mounted by the British Council to celebrate its 50th anniversary—leaves Paris for Berlin this weekend and then goes on to Prague, where theatregoers have not seen a British company perform since 1969.

Powerful brew

Norihiko Ujita is in London this week to visit a few British pubs and get acquainted with local drinking habits. "Quite intriguing," he says.

As export manager of Japanese brewers, Kirin, the third largest in the world, Ujita hopes that British drinkers are going to be similarly intrigued by his bottled beer, now becoming widely available for the first time in the country.

It is one of the "Great Beers of the World" range being marketed by The Special Beer Company, a subsidiary of Grand Met.

Kirin, named after a legendary Chinese creature regarded as a harbinger of happy and festive events, brews some 3m kilolitres of beer a year and sells all but 10,000 of them in Japan where it commands 62 per cent of the market. The Japanese thirst for beer comes close behind that of the U.S., West Germany, Russia and the UK.

Until now, Kirin's exports have been largely directed towards the U.S. where it currently holds 12th place in the list of imported beers.

It confidently expects to be in the top 10 this year. But from the base it established last year in Dusseldorf, Kirin is also beginning an aggressive push into Britain and Europe—the source of most of its malt and hops.

The beer may turn out to be an appetiser for what is to come. Kirin's beer may still be the mainstay of the company but it has been diversifying rapidly into brewing equipment, food products and soft drinks, electro-optics and bioscience.

Cell out

The first request that Sterling Public Relations received for a copy of its annual review, offered to FT readers in an advert on Monday, came from a guest of Her Majesty in Ashwell Prison. The firm is as pleased by this indication of an unsuspected market as the FT is by the breadth of its readership.

Observer

SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday April 6 1984

Fokker recovery beats forecast by Fl 5m

BY WALTER ELLIS IN AMSTERDAM

FOKKER, the Dutch aerospace group, has achieved a net profit for 1983 of Fl 18m ($6m). The company had expected a recovery from the Fl 10m loss incurred in 1982, but a flurry of deliveries in the latter half of the year pushed the surplus well ahead of the forecast Fl 13m.

Because of last year's big losses, Fokker will not have to make any repayments this year of its debt to the West German Government arising from the demerger in 1981 of Fokker and the VMF group. Bonn is entitled to receive 50 per cent of Fokker's annual profits above Fl 10m until 1987, but because the aggregate result since the demerger is still a loss, no money need change hands at present.

A dividend for 1983 has been proposed of Fl 3.80 per share either in cash or in cash and shares.

Fokker's operating result last year almost doubled to Fl 32m, with most of the improvement coming from deliveries of F27 and F28 aircraft to foreign buyers. The company is now working on successors to both aircraft, the F50 and F100, and says it hopes that, with Fl 900m in government aid, sales will continue to improve.

Sales for the year increased by 14 per cent to Fl 1.5bn. Profit retention in 1982, added to an upward revaluation of assets, caused shareholders' equity to rise from Fl 108m to Fl 138m, while, with destocking, the balance sheet total fell from Fl 1.19bn to Fl 1.1bn.

Reduced inventories at the end of 1983 resulted in improved company liquidity, while advance payments of Fl 10m were used to help fund the company's redundancies policy.

Pre-tax earnings were Fl 27m, compared with a Fl 16m pre-tax loss in 1982. Taxes came to Fl 9m.

Dresdner Bank sees lower earnings

By Our Frankfurt Correspondent

DRESDNER BANK, West Germany's second largest bank, expects its operating earnings this year to be slightly lower than last year, although it foresees moderate expansion in all areas of business.

Earnings last year were boosted by an interest rate margin of 2.9 per cent on credit business, but the margin has slipped so far this year to between 2.7 and 2.8 per cent.

Dresdner has lifted its dividend from DM 4 to DM 6 ($2.24) per DM 50 share after a hefty increase in its net surplus, which was up 64.5 per cent to DM 228.6m in the parent bank and up 70 per cent to DM 383m in the group.

Deutsche Bank, the country's largest bank, has increased its dividend from DM 11 to DM 12, while Commerzbank, the third largest commercial bank, has resumed payouts after a three-year gap with a dividend of DM 6.

Dr Hans Friderichs, Dresdner's chief executive, said that the bank had decided to limit its dividend increase to provide more room for manoeuvre by building up reserves.

He said that the bank had also made slightly higher provisions for risks and write-offs.

The balance sheet total of the parent bank increased by 2 per cent to DM 85.3bn, while the group's balance sheet total was up 5.5 per cent to DM 160bn.

Royal Dutch discloses U.S. long-term forecast

BY WILLIAM HALL IN NEW YORK

ROYAL Dutch/Shell says the net income of its U.S. affiliate Shell Oil should drop marginally in the current year to $1.625bn or $5.26 per share, and recover to $1.69bn or $5.47 in 1985.

The earnings figures are included in a number of confidential projections released by Royal Dutch and could further strain relations with Shell Oil, which is resisting its parent company's $58 per share tender offer. The offer is scheduled to expire on May 9.

Shell Oil's 1983 long-term plan foresees net income, which totalled $1.63bn in 1983, increasing to $1.66bn in 1987 and $4.81bn in 1993. Annual spending is projected to increase from $3.53bn in 1987 to $6.28bn in 1993. Funds from operations are projected to rise from $4.1bn to $9bn over the same period.

The information is contained in a draft proxy statement included with the Royal Dutch/Shell group's latest offer document and, while it is hedged with all sorts of assumptions, gives important clues to how one of the most successful U.S. oil companies views its future business environment.

The 1983 long-range plan is based on an average annual growth of gross national product (GNP) of 2.9 per cent a year and an average inflation rate of 8.5 per cent a year between 1986 and 1993. World crude oil prices are projected to rise from $33.45 per barrel in 1987 to $72.22 per barrel in 1993.

Shell says that due to the long-range nature of such goals and the inherent inaccuracy of long-range assumptions, the achievement of the plan is not predictable.

However, the disclosure of the information is potentially embarrassing for Shell Oil and will be read with interest by rival U.S. oil companies.

● Shell Canada, in which Royal Dutch/Shell has a 79 per cent interest, has released details of plans to restructure operations in an effort to reverse a decline in profits.

Mr William Daniel, the company's president, said that the payroll will be cut by at least 8 per cent, mainly through offers of early retirement. Shell Canada, the country's second largest oil company employs about 8,000 people.

The company has closed two refineries, and Mr Daniel said further cuts in capacity will be necessary after its new refinery at Scotford, Alberta, comes on stream later this year.

One aim of the reorganisation, which includes moving the head office from Toronto to Calgary, is to increase the company's exposure to primary oil and gas production.

According to Mr Daniel, Shell Canada plans to invest C$5bn ($3.9bn) over the next six years, of which 80 per cent would be in upstream activities.

Real profit falls at Brazilian retailer

By Andrew Whitley in Rio de Janeiro

MESBLA, the leading Brazilian retailing group, saw its sales and profits plunge in real terms last year, as the domestic recession bit deeper into consumer purchasing power and the cost of financing remained high.

Sales in the financial year ending in January 1984 were Cruzeiros 337 bn (U.S.$549m at an average exchange rate) compared with Cr 154 bn ($860m) the previous year. The nominal rise in Cruzeiro terms was 119 per cent, but inflation over the same period was nearly double, at 213 per cent.

Profits declined even more steeply, from Cr 4.3bn in the year to January 1983, to Cr 3.8bn by last January – 28 per cent of their previous level in real terms. Calculated in U.S. dollars this represented a decline from $23.9m to $8.2m.

DFDS to raise cash after loss

By Hilary Barnes in Copenhagen

DFDS, the Danish shipping group, yesterday announced measures to save it from financial collapse after it made a DKr 327m ($40m) loss in 1983, causing its equity capital to shrink from DKr 475m to DKr 178m.

The group will receive DKr 200m cash from the immediate sale of its domestic ferry services to its majority shareholder, the J. Lauritzen Group.

Lauritzen has also agreed to take over seven DFDS vessels if DFDS is unable to sell them, and Lauritzen will guarantee DFDS DKr 67m for these vessels over the next two years. The seven ships are valued at about DKr 350m altogether.

The group's share capital is to be increased by DKr 250m to DKr 400m through a rights issue to which major shareholders have agreed to subscribe.

In spite of these measures, the group will make operating losses in 1984 and 1985 because of increased interest and amortisation payments. But there should be a net profit in both years after extraordinary revenues of about DKr 50m.

Last year's DKr 327m loss on a turnover of DKr 4.8bn was mainly because of the group's Scandinavian world cruises venture on the U.S. East Coast, which cost the group DKr 320m in 1983

Zanussi disposals nearly complete

BY JAMES BUXTON IN ROME

ZANUSSI, the Italian domestic appliances maker, has now virtually completed an important part of its recovery programme.

It has sold all but one of the subsidiaries in activities which it considered peripheral to its main operations, and has established two separate operating companies in the fields of domestic appliances and electronics.

The main operating company, established a few days ago, is Zanussi Elettrodomestici, which will concentrate on domestic appliances, catering appliances and component manufacture. This represents about 70 per cent of Zanussi's 1983 turnover and is a sector that has consistently performed satisfactorily.

This week, Zanussi set up Seleco to control the remainder of its interests in consumer electronics, in which sector it will operate in a consortium with its former rival Indesit and with Rel, a state-owned company set up specifically to rescue the Italian consumer electronics industry. Rel has the largest single shareholding in the venture.

In the past nine months Zanussi, which is based at Pordenone in north-east Italy, has disposed of subsidiaries in papermaking, kitchen furniture, air conditioning and other activities. Last weekend it agreed to sell control of Fotomec San Marco, a maker of photographic processing equipment, to Ciba-Geigy of Switzerland.

Bank Hofmann gains

BY JOHN WICKS IN ZURICH

BANK HOFMANN, of Zurich, increased net earnings from SwFr 4.43m to SwFr 5.4m ($2.5m) during 1983 and directors have recommended a rise in the dividend from 16 to 18 per cent.

The rise in profits was due largely to increased income from securities transactions and foreign exchange trading, which more than offset a 8 per cent drop in net interest earnings.

Bank Hofmann's balance sheet total rose by 4.3 per cent last year to a record SwFr 628m, this being accounted for on the liabilities side by an increase in bank creditors at term. On the assets side of the balance, 39.4 per cent of which is accounted for by foreign holdings, loans jumped by 42 per cent to SwFr 303m. This more than made up for a 40 per cent decline in the total of bank debtors at term to SwFr 87m.

Advance for Sicilian bank

By Our Rome Correspondent

BANCO DI SICILIA, the Palermo-based institution which was Italy's 11th biggest bank in 1982, reported a small rise in net profits for 1983 and a 16 per cent increase in funds administered.

Funds administered, including deposits by customers, totalled L19,700bn ($12bn). Credits rose 18 per cent to L14,270bn. Net profit was L13.3bn after making provisions of L186bn and allowing L62bn for depreciation. In 1982 net profit was L10.4bn.

Alsthom and Bull take U.S. stakes

BY DAVID MARSH IN PARIS

TWO MORE French state-controlled companies, Alsthom Atlantique in electrical engineering and Bull in computers, are taking stakes in specialised U.S. companies to increase their high-technology links with the market.

Delas-Weir, an Alsthom subsidiary, which is part of the nationalised Compagnie Générale d'Electricité electrical and electronics group, is setting up a joint subsidiary with the U.S. company Combustion Engineering. The new company, to be equally owned by the two groups, will market Delas-Weir's auxiliary thermal equipment for steam turbines, in the U.S.

The joint venture will aim particularly at offering expertise in improving components and systems in existing U.S. nuclear power plants. It also hopes for orders in new power stations which, considering the malaise in the U.S. nuclear industry, are likely to be limited to conventional plants for the moment.

Bull, for its part, is stepping up its U.S. links by taking a 10 per cent stake in Ridge, a Californian computer company based in Sunnyvale.

Canadian insurer to seek public listings

BY ROBERT GIBBENS IN MONTREAL

ONE OF Canada's largest insurance groups, the Quebec-based Laurentian Group, is forming two holding companies, through which it will go public.

One holding company will be in Canada, and called Laurentian Group Corp, controlled by the senior life company Laurentian Mutual Insurance.

Laurentian Group Corp later this year will issue capital to the public and list its stock on the Canadian exchanges. It will hold controlling interests in other group insurance companies and be ready to finance expansion and diversification. Laurentian is also buying 51 per cent of Southland Capital, a Florida-based investment company with 7,000 shareholders.

It will change its name to Laurentian Capital, shift executive offices to New York, issue capital to the public and seek a listing on the American stock exchange.

This company will become Laurentian group's expansion vehicle in the U.S., where it wants to buy small U.S. life companies and integrate them with its Loyal American Life subsidiary and other affiliates.

FOUNDING FAMILIES TO RETAIN CONTROL AS CAR MAKER TAPS STOCK MARKET

Porsche opens door to future expansion

BY JOHN DAVIES IN FRANKFURT

EVENTS have been moving fast at Porsche, the West German sports car maker, leaving executives and family shareholders a little breathless.

For a start, car sales, especially in the U.S., have been racing ahead and production at car plants in southern Germany is straining at the seams. At the same time, the company is wrestling with problems surrounding its plan to set up an independent distribution system in the U.S., which is its main market.

On top of that, the related Porsche and Piech families have now decided to sell shares to outside investors, although only in the form of non-voting preference shares, to be listed on West German stock exchanges. They are keeping voting shares – and ultimate control of the company – firmly and exclusively in family hands.

The stock market launch serves a number of purposes, benefiting both the company and its family shareholders.

It lays the basis for future expansion of company activities by tapping a wider source of funds. Such a move has long been expected, especially since production and sales have been picking up strongly in the last 18 months or so – along with sentiment on the stock market.

Porsche sold 44,800 cars in its financial year to July 31 last year, an increase of 39 per cent, while sales revenue rose 43 per cent to DM 2.1bn ($803m). Expansion has continued in the first seven months of the current financial year, with car sales up a further 18 per cent to 28,300 and revenue up 33.5 per cent at DM 1.53bn.

Herr Heinz Branitzki, Porsche's finance chief, says the company is at the limit of its capacity at its production plants at Zuffenhausen and Neckarsulm.

He points out that competitors in Stuttgart and Munich in the prestige car market – meaning Daimler-Benz and BMW – have always been able to finance expansion by raising money on the stock market. "We did not have that possibility," he says.

But while the company will get a capital increase now and will have better access to funds in future, the stock market launch was triggered off by financial moves within the circle of family shareholders.

After the death of the founder, Ferdinand Porsche, in 1951, share ownership was in the hands of:

● Dr Ferry Porsche, now 74, son of the founder and acknowledged patriarch of the Porsche and Piech clan; and his four sons, Ferdinand, Gerd, Peter and Wolfgang.

● Frau Louise Piech, Dr Ferry Porsche's older sister; her sons, Ernst, Ferdinand and Michael; and her daughter, Frau Louise Ahorner.

The symmetrical balance of the two sides of the clan was upset

Year ending July 31	Sales DM bn	Net profit DM m
1979	1.36	22.8
1980	1.23	10.0
1981	1.18	10.5
1982	1.49	37.6
1983	2.13	68.6

when Gerd Porsche was separated from his wife and his share stake split between them.

A further serious complication came late last year when Ernst Piech agreed to sell his 9.5 per cent stake to outsiders. But other family members stepped in, with the aid of bank finance, and exercised an option of first right to purchase.

Another crisis erupted in mid-February when Frau Ahorner also agreed to sell her 9.5 per cent stake for almost DM 100m – a move which would have further diluted the Piech side in the family balance of power.

The would-be purchasers in both cases were Al-Mal International, the London merchant bankers, acting in co-operation with ABC-Daus, the Frankfurt private bank. Both banks have Arab connections.

Al-Mal International planned to launch the shares on the stock market indirectly through a Netherlands Antilles company, Motor Tech Investment, to be traded on the Luxembourg bourse.

Al-Mal sought to allay family fears of outsiders by offering to convert Frau Ahorner's stake into non-voting shares. But in the face of continued resistance, Al-Mal withdrew from its deal with Frau Ahorner in the hope of being included in the stock market placement of Porsche shares and in the interests of an amicable longer term relationship with the family.

Through the stock market launch, family members are raising cash and gaining more flexibility in using their wealth.

The launch would enable them to pay off finance borrowed to buy Ernst Piech's shares and could have served a similar purpose with Frau Ahorner's stake, although she has decided now to remain a shareholder.

The family shareholders have decided to increase the nominal capital of the company from DM 50m to DM 70m and to convert half the capital into non-voting preference shares to be listed on the Frankfurt, Stuttgart and Munich stock exchanges.

They will sell 30 per cent of their overall holding – consisting of DM 21m of non-voting preference shares – to the public. The shares will be placed through Bayerische Vereinsbank, Deutsche Bank and the Landesgirokasse Stuttgart at a price yet to be decided, and no investor is to get more than 100 shares.

The remaining DM 14m of listed non-voting preference shares can be disposed of or held by family members at will, but for tax reasons are unlikely to be sold within six months.

There will continue to be a contractual arrangement giving family members an option of first right to buy each other's voting shares.

The amount of funds the company gains through the capital increase will depend on the market price. Most of the increase, DM 15m, is being made at par, but the other DM 5m of nominal capital will be issued at market value.

The Porsche and Piech families, who mostly live in southern Germany and Austria, have always tried to stay out of the public limelight.

Dr Ferry Porsche

Dr Ferry Porsche keeps a close eye on the highly profitable company as head of its supervisory board, which also includes his youngest son, Wolfgang.

But Herr Ferdinand Piech has been thwarted in a desire to play a major role in Porsche management. Instead, he has carved out a reputation as a management board member of Volkswagen's Audi subsidiary.

Various family members used to be active in day-to-day management at Porsche, but difference of opinion led to tension and deadlock. They decided to withdraw from management in 1972 and handed over control to Herr Ernst Fuhrmann, who was later ousted.

The owners then brought in Herr Peter Schutz, a German-born American, who has presided over the company's rapid expansion.

Herr Schutz has suffered a setback, however, with problems over the company's plan to go it alone in U.S. distribution, ending a joint arrangement operated with Audi since 1970.

Porsche's plan sparked off legal action from wholesale dealers, as well as opposition from retail franchise holders, although the company has been quick to try to make peace with the retailers.

There have been suggestions that Porsche shareholders were uneasy about U.S. developments, but Herr Schutz has stressed that Porsche needs room for manoeuvre to cultivate its clientele and preserve its market in the U.S.

POLITICS TODAY

Fowler opens Pandora's box

By Malcolm Rutherford

THE GOVERNMENT has developed the habit of making major statements about its intentions almost without prior warning. Thus Mr Michael Heseltine, the Defence Secretary, sprung on an unwary House of Commons a few weeks ago the announcement that he was reorganising his department around the concept of a single defence service. And so Mr Norman Fowler, the Secretary of State for Social Services, announced on Monday his series of reviews of the benefits system.

Note the language. There are to be "reviews" and "studies." There is no commitment in advance to wholesale policy changes, and no great hint of which direction they will go in if there are. All is caution and open-mindedness.

But note also Mr Fowler's concluding sentence where modesty is thrown to the winds: "Taken together, the various reviews and studies I have set in hand constitute the most substantial examination of the social security system since the Beveridge report 40 years ago." Clearly something is up.

There is another reason that the Secretary of State did not go into which suggests that it could be up on a pretty big scale. This is the advance in the use of computers for the storing of information about benefits and tax. Within the next three years a series of systems should have been installed which will facilitate a major reform of both tax and benefits. Any party that wants to go in for this sort of thing ought to start planning it now in preparation for its election manifesto. Reform will be there for the taking around the end of the decade.

For the moment, however, let us take Mr Fowler at his face value: reviews and studies to be completed by the end of this year. There appears to have been no sudden blinding revelation which pushed him into the most substantial examination of the system since Beveridge.

On the contrary, Mr Fowler was rather fed up by the Treasury demanding large cuts in housing benefits and leading him into all kinds of political trouble. Last summer the Treasury was seeking cuts of nver £600m. The figure was eventually reduced tn £230m and after various Tory revolts has since come down to under £200m. What the argument has exposed is the anomalies in the system.

Mr Fowler told the House of Commons on January 19, 1984: "In 1982, 60 per cent of those receiving standard housing benefit were paying tax, and 300,000 families among those receiving housing benefit were paying income tax averaging £7.40 a week while receiving housing benefit averaging £5.10 a week. A further 600,000 people were paying higher taxes than that while still receiving housing benefit. Our aim must be to move away from this financial merry-go-round towards a system that will allow people to keep more of their own money and enable the state to concentrate its help on those who really need it."

In other words, the financial merry-go-round was a mess: the state takes with one hand what it gives with another, or vice versa.

The Secretary of State had already scored by his decision to launch a review of provision for retirement, the largest single element in the social security budget.

Sessions have been held in public with Mr Fowler in the chair—the Secretary of State calls it a Select Committee in reverse, with him asking the questions of anyone who wants to answer. This week he announced that he had received 1,700 submissions from interested organisations and members of the public on the subject of portable pensions alone.

In February Mr Fowler said that he was going to apply a similar approach to housing benefit. Possibly that was more out of frustration with the Treasury than as part of any preconceived strategy. The Secretary of State admits that he had learned a certain amount from hindsight.

Anyway, this week he extended the approach still further. There are to be reviews of the supplementary benefit scheme, of benefits for children and young people, and a comprehensive study of disablement; the whole panoply.

The machinery-of-government aspect of all this is not without interest. Mr Fowler consulted the Prime Minister, of course, and has ber approval. Sir Keith Joseph, the Education Secretary, was brought in, largely, it seems, because he had engineered a long-term radical approach to the reform of education.

Mr Norman Fowler, Social Services Secretary

The Treasury was not closely consulted and it is denied that there was any prompting from Mrs Thatcher's policy unit. Some of the recruitment of outsiders is also revealing of the way this Government works. There is a kind of behind-the-scenes network between government, industry and the City which has not been widely publicised. Thus Mr Jeremy Rowe, former chairman of London Bank and deputy chairman of the Abbey National Building Society, was recruited to head the housing benefit review by the head of the Government's now defunct think tank: Mr John Sparrow of Morgan Grenfell.

What happens next is anyone's guess. Mr Fowler appears to have stumbled into his comprehensive reviews rather than having any master strategy. He is the pragmatist who may, or may not, emerge triumphant. He hopes that the retirement review will be sufficiently complete to enable some proposed legislation to go into the Queen's Speech in the autumn. The findings on all the other matters will be put together in a green or white paper, probably just before the Budget next spring

Ideally, the paper will include recommendations which would allow the Government to promise major reforms in the Queen's Speech of autumn 1985—about half way through Mrs Thatcher's second term of office and just when any government is in need of a lift to show that it has not run out of steam.

Mr Fowler's aims so far, however, though laudable, are relatively modest. They are to simplify the benefits system and to achieve better value for money. Simplification ought to be an end in itself. The Social Democratic Party Manifesto last year, for example, pointed out that we have a network of benefits dependent on 44 different means tests.

There are all sorts of other anomalies. Some benefits, like supplementary benefits, are means-tested. Others, like child benefits, are automatic. There are also distinctions between the way they are funded. Child benefit comes out of general taxation. State pensions and unemployment benefits come out of the national insurance contribution, which in a way is just another form of tax.

Should the two systems—tax and national insurance—be brought together? Mr Fowler at present thinks probably not. He is also curiously conservative about the future of his own department.

This year it will preside over more than £35bn in spending on social security—nearly 30 per cent of all public expenditure. If spending on health and personal social services is included, the figure goes up to over £50bn—or around 40 per cent of the total outlay. Mr Fowler is still adamant that his department should not be split up, though some of his junior ministers have other views. They say that it is simply too much for one Cabinet Minister to manage. The political question is whether if there were to be a separate Ministry of Health, the Minister would have a seat in the Cabinet.

All that is still open, as is a great deal else. Mr Fowler has been criticised in various newspaper editorials for not taking tax and benefits together. That, although strictly true, is not quite fair.

What the Secretary of State says is that it is necessary to look at how the present benefits system works first, before tackling the fiscal side. And it is here that we come to the potential computer revolution.

Much of the existing compilation of information on social security is still done on a manual basis: e collection of files behind a post office shelf. But plans are under way for automation. There is a project about to go before the Treasury which would provide for the computer linkage of all local offices on supplementary benefits at a hardware cost of about £150m. It is expected to be approved by the autumn.

Gradually the aim is to achieve a single-person profile so that it is possible to know at a glance which benefits an individual is receiving or is entitled to the process with take about 12-15 years to complete, but it could begin to operate much earlier.

Computerisation of the tax system is proceeding separately. It should be fully operational by 1987, though a pilot system has already started in the West Midlands.

No attempt is being made to integrate what is being done on the tax side and what can be done on the benefits side. Yet it is stressed by the experts involved that they are making maximum efforts to make the systems compatible and to allow for the greatest flexibility in tax policy.

They say that the new systems should be allowed a year or so to run to get over any possible teething troubles. That would take us to 1987-88. But after that any major reform of tax and benefits would become infinitely easier to implement: a negative income tax, tax credits or whatever. That is why it looks like a subject for the next election manifestos.

Mr Fowler has spelled out none of the implications of these matters. Nor has the Treasury. On the contrary, it looks like another example of an unco-ordinated approach to government. Yet in this, as in so many other fields, there are marvellous opportunities for a government with a clear majority and four years to run. When will the Government pull itself together and act as a whole? So far, the Secretary of State has simply opened Pandora's box.

Lombard

The politics of anti-trust

By Terry Dodsworth in New York

IT IS very difficult to fault the logic of the U.S. anti-trust authorities in their recent decisions on mergers in the steel and oil industries. Yet there is no lack of critics ready to attack them on grounds of commonsense. Indeed, newspaper polls of businessmen indicate that the vast majority would have turned the verdicts upside down, opposing greater concentration in the oil industry, but supporting it in steel.

At one level, these reactions merely illustrate the enormous complications of administering anti-trust policy. It is perfectly feasible to reduce the rules governing appropriate market shares and allowable mergers to a fairly simple mathematical formula—as the Justice Department has done—reasonably well understood by anyone who can put two and two together.

But this is simply not enougb to achieve success. The Justice Department has at least gone halfway to accepting this in its decision to support the revised LTV/Republic Steel merger proposals. It has not abandoned the arcane measurements of the so-called Herfindahl-Hirschman Index on market sbares but it bas treated it with sufficient flexibility to show that it is a guideline and nothing more.

"What the Lord giveth, the Lord can also take away," as one of the participants quipped.

The department bas reacted with a similar sense of pragmatism to the Supreme Court's recent decision to upbold a 63-year-old opposition tn retail price maintenance. Mr Paul McGrath, bead of the department's anti-trust division, bas thus parted company with his predecessor, Mr William Baxter, who came to verbal fisticuffs with Congress in arguing that price fixing by individual manufacturers can sometimes be pro-competitive.

Mr McGrath has been forced to steer an extremely tricky path through these factions, dncking the insults of some administration partners on the way to arrive at his compromise on LTV/Republic. But his approach is surely the only sensible one. While the anti-trust laws reflect a legitimate concern over unbridled corporate power, their interpretation at any one time is a political matter.

Sound government has to be responsive both to the long-term needs of the country and the short-term concerns of society.

This point has been driven bome by the rising concern over oil mergers. If the wave of take-over acivity unleashed by the already approved Texaco take-over of Getty Oil goes much further, Congress could well step in to balt any more. No matter that the oil mergers fall well within the anti-trust guidelines: the combinations are extremely large and the oil companies are disliked for their long history of power and privilege.

A similarly political issue is at the heart of the row over imports in the administration of anti-trust policy—an issue wbicb split the Government over steel and which is now to be tackled by a super-departmental committee.

Equally symptomatic of the mood of the country is that virtually no one has complained about the moves towards consolidation in the steel industry. Ten years ago, the proposed mergers would have caused an uproar. Today, the commonsense view is that they are an essential response tn the decline of a basic industry.

Indeed, in spite of the accusations that the present administration is in the pocket of big business, there is considerable support for the notion that government ought to belp the process of reconstruction. Talk of an industrial policy is, of course, anathema to this Republican administration. But it only requires e small adjustment of the sights to be targeting on corporate efficiency. And in the puzzlement and dismay over the U.S.'s loss of competitive edge this strikes a sympathetic chord even among the Government's opponents.

This is why we are likely to see more judgments of the type the Justice Department has just handed down on LTV/Republic, along with continuing pressures against oil mergers. The abstractions of the Herfindahl-Hirschman Index will probahly not disappear from view. But under Mr McGrath they are unlikely tn be allowed to interfere with the political judgment of wbat is, or is not, acceptable.

Letters to the Editor

Telephonic value for money

From the managing director of the Hong Kong Telephone Company

Sir,—On March 27 you published an article applanding the efficiency and cheapness of the Danish telephone system, a semi-private organisation.

Hong Kong people keep in touch solely through the efforts of the stac of a private company operating under a franchise from the Hong Kong Government. A telepbone service costs the equivalent of £47 while quarterly charges are £11.40 for residential and £17 for business use.

When considering telephone tariffs, the sting in the tail for a subscriber is often the cost of the calls made. For our subscribers' bills are painless, since all calls within the Territory are free of charge. Never slow to appreciate a bargain, Hong Kong subscribers make good use of the telephone.

Even if we assume only five calls each per day—a low rate—and eech call lasting two minutes, using the Danish charge of 1p per minute means that the Hong Kong subscriber has the equivalent of £9 worth of calls free every quarter. As for efficiency, single exchange lines are provided, on average, within seven working days.

If Britain is looking at the benefits to be gained from having a private de-regulated telephone administration, she would do well to look East. Hong Kong Telephone may not provide quite the cheapest service in the world, but it certainly offers value for money. This is demonstrated by the fact that almost every household has at least one telephone.

F. L. Walker.
Prince's Building,
Hong Kong.

Rates bill and PSBR

From Mr Tony Travers

Sir,—Mr Peter Lilley (Letters, March 30) has had to misinterpret my letter in order to respond to it. It really was quite clear from what I said in my last letter (and an earlier one published in February) that the cost to the Public Sector Borrowing Requirement was a different effect from the front-loading of public spending plans.

One might have hoped for something rather more constructive than trivial deheting points of this kind from the Parliamentary Private Secretary tn Mr William Waldegrave and Lord Beliwin.

Try as he might, Mr Lilley cannot make a case for the Rates Bill. Indeed, his most recent letter went off et a tangent about illustrative rate rises in an attempt to create a diversion from the collapse of his original argument.

Robin Pauley's article (which started this correspondence) explained bow, on the basis of a number of assumptions, £1.5bn might be added to public expenditure plans. Mr Lilley has twice tried to claim that this figure was wrong.

Of course, another figure might have been produced if different assumptions had been made. The assumptions made in Pauley's article were laid out in detail. It would have been open to the Government to publish e paper showing precisely bow rate limitation would have worked if it had been used in 1983-84, explaining the principles used to select anthorities for limitation and the councils thus chosen, the spending limits which would have been applied, the rates in the £ charged, and the savings to public spending.

This would also have shown how much public spending plans would have had to be increased and the increase in PSBR.

There will be a further cost to be counted. In the attempt to reduce opposition to the Bill from Government backbenchers, the Environment Secretary has had to promise to give the lower-spending councils an easier regime once rate-capping has been introduced. The lower spenders are many in number and are responsible for far more expenditure than the 15 or so councils which might be rate-capped. A 2 per cent increase in spending by the non-metropolitan counties (many of which are lower spenders) would add some £200m to public spending.

Therefore let Mr Lilley publish a full Government exemplification of how rate limitation would have operated in 1983-84. Only then can he justifiably attack those who attempt such calculations.

Tony Travers.
7, Furnival Mansions,
Wells Street, W1.

Noise and congestion at Heathrow

From the Chairman, Federation of Heathrow Anti-noise Groups.

Sir,—During the course of correspondence earlier in the year about the annual air transport movements at Heathrow, I referred to the 275,000 limit which is to be imposed when the fourth terminal is completed next year and also to the aviation lobby's request that the number be increased to 300,000.

Mr Justice Glidewell, the inspector of the Heathrow fourth terminal inquiry, recommended that the limit should be 260,000. The Secretaries of State added a further 15,000 after consultation with aviation interests, even though the condition had been imposed for environmental reasons.

The runway congestion at the airport is already becoming critical, and the peak time for arrivals at Terminal 3 this year will be between 0500 and 0700 BST (0400 and 0600 GMT). The federation's fears that more flights mean more night flights is proving to be right and the environmental disbenefit of raising the movement limit to 300,000 is obvious.

Mr Justice Glidewell also imposed a condition that the noisy auxiliary power units which service the aircraft and form part of the fourth terminal development, should not be operated between 2100 and 0700 in order to prevent added disturbance to nearby dwellings. The aviation lobby has decided, however, that this would not be convenient to them and has recently asked the Secretary of State to revoke the condition, so that the units can be used whenever necessary, even if that is during night hours.

There has been some discussion recently about the usefulness and conduct of public inquiries. Lengthy and elaborate tribunals are held as a gesture to the environmental lobby but they have little meaning while government is not bound by their findings. Mr Justice Glidewell said (et the end of the six-month terminal four inquiry) that aircraft in flight presented noise levels around Heathrow which were unacceptable in a civilised country. He had been convinced, however, that the terminal should be built because of overriding national need, but he recommended conditions and action which, in his view, were necessary for the protection of the environment. These have largely been ignored, and even those which were eccepted, are now at risk because of subsequent representations from the aviation lobby. This must be wrong.

It is time that those who oppose major proposals which might seriously affect their environment, are provided with the means to present a case, equal in detail and expertise to that of their opponents, and that when a decision is made, all parties are bound by it, including government.

Evelyn Atlee.
23 Palace Road,
East Molesey, Surrey

Battle of the profit margins

From Mr J. Pretty.

Sir,—Concerning the first of the issues that "The battle of the margins" by David Churchill (March 27) pnts forward as needing new Government action, the retailers' claim that some food manufacturers are in even more dominant positions than they are themselves. Well, two wrongs do not make a right and anyway does it not occur to the retailers that their own dominance has been one significant factor in creating that of a few food manufacturers? It is barder for a small manufacturer to increase his market share now that the market is dominated by so few customers, so small fish are swallowed up by big fish with eventual restriction of the choice evailable to the public. The predilection of the large retailers for "Own Label" militates against the small manufacturers efforts to get their brand names established in the public's mind.

On the question of relative changes in profit margins as between multiple retailers and large food manufacturers in the last decade, I believe that return on capital employed is more relevant and would reveal a very different picture.

On the third key factor mentioned—the effect of retailer dominance on the food manufacturers' investment plans—surely it is naive to use a comparison with the rest of manufacturing over a time scale spanning the worst of the recession. Anyway, the Chancellor'a proposals bave changed the sums, to the retailers' advantage judging by the stock market'a reaction.

But spare us legisletion tn outlaw "unfair" discounts if for no other reason that it will not work. Judgment as much as precise calculation comes into the assessment of "volume related" savings. None of us can wish to go hack to the days of endless correspondence with civil servants, as in the era of the Prices and Incomes Board.

No, if the Monopolies Commission judges tbe present level of retailer dominance to be just about right it should seek powers to prevent mergers or actions that threaten to increase that dominance. If it coosiders that dominance is already too large might it not consider some U.S. anti-trust law style of demerging?

J. R. Pretty.
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Isle of Wight.

FINANCIAL TIMES

Friday April 6 1984

HOWE CRITICISED FOR RELYING ON ADVICE FROM WASHINGTON

UK action on Grenada 'lethargic'

BY HUGH O'SHAUGHNESSY IN LONDON

THE BRITISH Government's handling of the Grenada crisis last year is strongly criticised in a report published yesterday by the Foreign Affairs Committee of the House of Commons.

The committee, chaired by Sir Anthony Kershaw, a Conservative MP, says that Sir Geoffrey Howe and his Foreign and Commonwealth Office advisers adopted "a somewhat lethargic approach" to the unfolding crisis.

It adds that the British Government was "deprived of adequate information" about the Reagan Administration's intention to invade the Caribbean island last October.

"The evidence given to us by the Foreign Secretary paints a picture of a British administration reacting passively to the event unfolding in the Caribbean and basing its reaction to those events entirely on the advice received from Washington which in the end proved to be unreliable advice," the report comments.

The British Government, it says, was "insufficiently attuned to the political feelings of Caribbean Commonwealth states" and "poorly equipped to evaluate accurately the signals coming from the Caribbean Governments". It took no initiatives of its own to try to stop the military action.

The committee is also critical of government actions after the invasion. While the Foreign and Commonwealth Office was showing "a sense of urgency" in the Caribbean area, the Caribbean development division of the Overseas Development Administration was, by contrast, less active.

The committee does not comment directly on the question of whether the U.S. invasion was legal or whether the British Government was right to take no part in the military operation.

In a note of dissent tabled by two Opposition Labour members of the committee, Mr Dennis Canavan and Mr Michael Welsh, say that the report fudges important questions. They refer to the U.S. action as "a breach of the United Nations Charter."

The committee repeats the call it made in a report issued in 1982 for a continuing British government commitment to the long term development of the Commonwealth Caribbean."

This should be done, it said, by improving aid programmes, strengthening cultural ties through the British Broadcasting Corporation's overseas service and educational assistance and underlining Britain's economic, political and social links with the Caribbean.

The members of the committee yesterday introduced a motion for a parliamentary debate and urged the Government to recognise the crucial role of Britain in the advancement of the area.

At a press conference yesterday, members of the committee highlighted the chain of events which led Sir Geoffrey Howe to announce to the House of Commons on October-24, the eve of the invasion, that he had "no reason to think that American invasion is likely."

It appears that senior U.S. officials continued to deny to British diplomats on October 24, that the Reagan Administration was intending to invade, though in fact Mr Reagan had taken a "a tentative decision" the previous day to do so.

Mr Ivan Lawrence, a Conservative member of the Committee stressed the urgency of getting Anglo-U.S. consultation on "a better wave length."

Mr Peter Thomas, another Conservative MP, emphasised that breakdown in communications between Britain and the U.S. on Grenada would not happen in Nato, where procedures were more formalised.

(Second Report from the Foreign Affairs Committee, Session 1983-84, on Grenada, House of Commons Paper 226, Her Majesty's Stationery Office, £8.40.)

Editorial comment, Page 18

Thomson group profit up by 47%

By Bernard Simon in Toronto

INTERNATIONAL Thomson Organisation, the publishing and oil group controlled by the Canadian Thomson family, raised net profit, excluding extraordinary items by 47 per cent last year to £75.7m ($112.7m). Earnings per share advanced to 53.8p from 37.0p.

The company has proposed a two-for-one share split and said it intends to accelerate expansion of its activities, which include newspapers and magazines in Britain, the U.S., Canada and elsewhere, the British Thomson Travel group, North Sea oil interests and, most recently, Canadian oil and gas activities.

Trading profit rose to £154.8m last year from £114.6m in 1982, including a charge of £22.2m (£12.4m) for accelerated development of the group's publishing operations.

Extraordinary charges totalled £3.7m in 1983, ascribed to the costs of closing a number of local and specialised papers in Britain. Sales were £1.5bn against £1.33bn.

The group's cash resources, including bank term deposits, grew to £141.3m at the end of last year, from £60.7m.

The value of Thomson's 4.7 per cent interest in Reuters, held through the Press Association, has not been qualified and is recorded in the accounts at a nominal value.

Trading profits of Thomson Travel jumped to £31.7m in 1983 (£18m), partly due to a higher market share.

The publishing division's earnings increased to £29.1m (£1.3m), including a 57 per cent rise in the contribution of U.S. operations.

The performance of the group's oil and gas interests, the main contributor to profits, was less spectacular, with trading profit rising by 13.7 per cent to £106.1m.

The contribution of U.S. activities to the group's total trading profits rose from 7 per cent in 1982 to 14 per cent last year.

The company said that the share split in its common shares was aimed at enhancing their marketability, especially in Britain, where most of International Thomson's shares are traded. The sub-division of shares would not affect dividend policy, the company said.

Assessing future prospects, the group said that earlier assumptions in its planning strategies, especially in respect of North Sea oil production and the pace at which profits could be generated in North America, "may have been cautious."

Plans will be adjusted to allow the company "to continue the accelerated development programmes at a higher level and for longer than originally planned."

See Lex, this page

W. German engineering union in last-ditch talks over hours

BY RUPERT CORNWELL IN BONN

MANAGERS AND senior union leaders from West Germany's key engineering industry sit down in Frankfurt today in a last-ditch attempt to reach a compromise on the union's demand for a cut in the working week from 40 to 35 hours.

Failure to do so could ignite the most severe industrial disruption witnessed by the country in many years. Last night the chances of success did not look cheering.

Over the past few days, the employers and spokesmen for IG Metall, the metal and engineering workers' union in the forefront of the 35-hour week campaign, have both been declaring their readiness to make concessions.

In practice however, the concessions have been hardly visible. Instead each side is apparently manoeuvring to be able best to pass the blame to the other in the event of breakdown today.

IG Metall is planning to mark the Frankfurt meeting with the largest wave of "warning" strikes so far by its 2.6m members. By way of a warm up, "several thousand" workers at the Volkswagen works at Wolfsburg stopped work for half an hour yesterday in support of the shorter working week.

Over the past two days, moreover, IG Metall has received the explicit backing of the traditionally militant press and paper industry union IG Druck, with its 160,000 members.

Following the collapse of talks for a new contract, strike action prevented the appearance of several local papers in Hanover. Production of papers elsewhere, including the international edition of the Financial Times published in Frankfurt, has also been affected.

The atmosphere has become even more charged, with an exchange of accusations between union and publishers' association. The union has accused newspaper management of refusing to accept publication of announcements of planned strikes. The publishers claim that IG Druck members have refused to print comment criticising the 35-hour week campaign.

The overall picture, however, remains confused. Even if the Frankfurt discussions fail, it is not clear whether the unions will press for an all-out strike, or continue guerrilla action.

Monday's 3.3 per cent settlement for the 500,000-strong building workers union IG Bau showed that sections of the West German labour movement would prefer to build on the Government's early retirement scheme (shortly to become law), rather than face a showdown on the 35-hour week.

UK airline joins fares battle

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

CHEAP FARE competition on the North Atlantic air routes this summer will intensify as a result of the award to Virgin Atlantic Airways (formerly British Atlantic) of a licence to fly scheduled services between London Gatwick and Newark, New Jersey.

Virgin Atlantic, now majority-owned by Mr Richard Branson's Virgin Records group of companies, will start on June 14 with a daily service each way, charging an initial £99 ($142) single fare. That compares with the £102 single charged by its rival, People Express of the U.S., which also flies direct daily between Gatwick and Newark.

The award of the licence to Virgin Atlantic by Britain's Civil Aviation Authority (CAA) is a blow to British Caledonian, the big UK independent airline, which had been planning to revive next year its own Gatwick-Kennedy (New York) licence, which it had not operated since 1974.

BCal said yesterday that it would watch the progress of Virgin Atlantic through the rest of 1984 and settle its own plans in the light of the results. Earlier, at the public hearing on Virgin's bid for a licence, it had suggested that if Virgin won it might have to drop its own plans for a Gatwick-New York service.

The CAA, announcing the licence, said it recognised that Virgin Atlantic's proposed service "could be more than usually risky in view of the likely difficulty in attracting connecting traffic at the U.S. end, and its heavy reliance on UK-originating traffic."

That did not appear yesterday to bother Mr Branson, nor Mr Randolph Fields (the original founder of British Atlantic before selling the majority stake to Mr Branson's Virgin Group). Their view was that the cheap fare market would be big enough to generate enough traffic for both Virgin and People Express.

People Express said yesterday that its load factors (seats filled) on Gatwick-Newark remain high, reaching 92.8 per cent in March, its tenth month of operations on the route.

Turbulent times for UK airlines, Page 8; Birmingham International Airport, Pages 27-31

Sony to buy Apple's hard disk technology

BY LOUISE KEHOE IN SAN FRANCISCO

APPLE Computer has agreed to sell to Sony, the Japanese computer and consumer electronics company, technology for the manufacture of "hard disk" computer data storage units.

Apple did not reveal how much Sony will pay for its research and development work. According to Apple, Sony will use its technology to enter the OEM (Original Equipment Manufacturer) market for the hard disk units that are used with office personal computers. Sony is expected to introduce its product in 1985.

Hard disks hold significantly more data than "floppy disks" the units used with most personal computers. Currently, however, hard disk drives cost in the region of $2,000, as compared to around $300 for the floppy drive units, and their use has been restricted to office-type personal computers at the high end of the market.

Apple currently buys "micro floppy disk drives" from Sony for use in its Macintosh and Lisa personal computers. The Technology purchase agreement does not however imply any commitment on Apple's part to buy Sony hard disk drives when they become available, according to Apple.

Pöhl warning on deficits

Continued from Page 1

Mr Burns argued that the federal budget deficit itself was not the only reason for Europe's discomfort.

High domestic interest rates had not prevented a robust recovery in the domestic U.S. economy, where residential construction and business investments had both revived, Mr Burns said. The fact was that "profit opportunities have become distinctly more favourable in America than in Western Europe".

If European governments moved boldly to enhance the prospects for profits in their own countries, capital outflows might not only be checked but American capital might well start moving to Europe, the U.S. Ambassador said.

Canberra gives Hill Samuel banking go-ahead

By Lachlan Drummond in Sydney and David Lascelles in London

HILL SAMUEL, the London merchant bank, is to reduce its voting shareholding in the wholly owned and highly profitable Australian subsidiary to 9.9 per cent to allow a new bank to be formed around Hill Samuel Australia's existing merchant banking operations.

The application for a new banking licence has been approved in principle by Mr Paul Keating, the Australian Treasurer. The share divestment is necessary because Australian banking legislation prevents any single shareholder from owning 10 per cent or more of a bank. This means the Hill Samuel shares will have to be dispersed among at least 10 other shareholders.

The approval in principle comes against a background of rapid and sweeping progress towards liberalisation of the Australian financial system, after several years of public debate.

In Canberra yesterday, the Labor Party's economic committee agreed to proposals by Mr Keating to open up short-term money market business to the banks, and simultaneously to allow merchant banks to enter the foreign exchange market. Earlier this week Australian stock exchanges went over to negotiated commissions.

Yesterday's move by Hill Samuel was taken ahead of any final decision by the Government on the question of foreign bank entry to Australia, a matter on which Labor remains divided. By making its application as a domestic institution under existing legislation, however, Hill Samuel has stolen a march on its potential rivals for one of a limited number of new banking licences. It had been widely assumed up to now that the foreign banks most likely to win licences would be the major international groups.

Hill Samuel's willingness to reduce its holding in Hill Samuel Australia reflects the view that in the rapidly changing Australian financial environment, future prospects would be dim without a full banking licence.

In London, Mr Christopher Castleman, the group's chief executive, said yesterday: "We decided we would rather own a major interest in a trading bank than a controlling interest in a merchant bank." He said deregulation of banking in Australia held major opportunities for trading banks, and Hill Samuel's existing operation "needs new fields to claim."

The new bank is expected to open for business on January 1 and will be called Macquarie Bank after an early governor of the New South Wales colony.

Mr David Clarke, chairman of Hill Samuel Australia, said discussions had been held with potential investors who expressed confidence that there would be no difficulty in attracting sufficient equity backing.

Hill Samuel Group is likely to buy a substantial amount of non-voting stock with the proceeds of the sale of its 90.1 per cent stake, though no figure has been disclosed. Five to 10 per cent of the new bank's shares will be reserved for staff.

Macquarie Bank is expected to concentrate on wholesale banking business and to have an initial capital base of some A$70m ($65.32m), allowing under present regulations for expansion of its balance sheet to about A$1.4bn.

See Lex, this page; curbs lifted on foreign exchange deals, Page 22

Substantial aid unlikely for Lorraine

Continued from Page 1

tering collaboration between entrepreneurs and existing providers of capital.

"The days are gone when we could just ask Renault or Peugeot to build a factory and the problem would be solved," said another official.

M Laurent Fabius, the Industry Minister, will visit Lorraine at the beginning of next week for talks with local business leaders unions and politicians.

M Jacques Delors, the Finance Minister, has just announced a battery of measures to boost development of small and medium businesses, including special fiscal measures to stimulate business-oriented research and venture capital activities up to now all too rare in France. These, the Government hopes, will help encourage new industries, perhaps still connected to the basic steel industry, to sprout in Lorraine.

THE LEX COLUMN

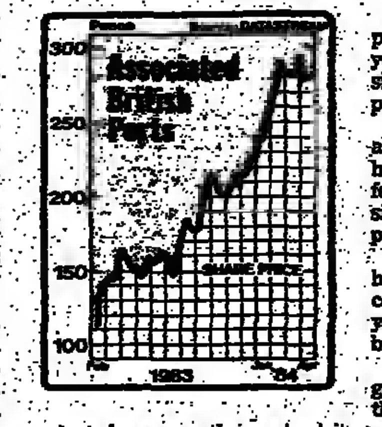
Dockside dividend for UK Government

Perhaps the most glittering market success among the Government's privatisation issues, Associated British Ports, had a little of the gloss rubbed off it yesterday – the share price fell 17p to 278p – simply because its first full year as a private company had resulted in profits, of £14.5m pre-tax, that were no better than expected. But when a share has risen more than 180 per cent from its flotation prices in less than 14 months, the extraordinary is apt to be demanded.

In fact, the trading performance of ABP has been good enough. Operating profits have risen by more than a quarter, and thanks to the magical way in which the Government transformed ABP's debt into revenue reserves at the christening, the entire operating surplus now comes through to the pre-tax line.

Given hindsight – and the share-price chart – it is hard not to question the timing and the pricing of the original issue. Although there were doubts about the strength and durability of the economic recovery, there was little denying that ABP was launched at the lowest possible point in its own profit cycle, its record marred by a particularly damaging strike in the previous year. Since the ports are among the most sensitive barometers of activity, the shares were a remarkably risk-free bet on an upturn – with a 9 per cent yield thrown in.

If there were any political shadows draped over this argument by the underwriting community, the after-market never paid them much attention. And now that ABP has begun to re-establish its profit record – albeit on a level equivalent in real terms to about half of its peak in the late 1970s – the shares do scarcely more than reflect the still improving prospects.



Glynwed

The gentlemen recently contracted to help Glynwed International relate more effectively with the public should have their task made significantly easier by yesterday's group results for 1983. Pre-tax profits have been helped up to £21.2m from £13.7m by the virtual elimination of all loss-makers in the UK. More positively, lower-cost production in most areas has enabled Glynwed to expand its domestic margins despite limited volume growth and very few price increases. Consumer and building products have seen the most spirited recovery; but the 42 per cent gain in steel profits is almost as striking.

The picture looks very different in the U.S., where Glynwed's steel stockholding operations depend on the building industry and have missed out entirely on the revival of demand from the U.S. motor industry. Its Breman Steel subsidiary has lost £1¾m, overwhelming the marginal improvement in the group's U.S. plastics businesses, and leaving the aggregate U.S. operations in the red.

This may eventually help prompt Glynwed to review its whole U.S. structure and also, perhaps, the relative weighting of its total commitment to the steel market as compared with its investment in plastics. In the more immediate future, however, there is every sign of recovery in the U.S., which ought to underpin further UK recovery. Above-the-line redundancy costs in 1984 might be cut by £2m or so and the former businesses of both the Durapipe and Ductile acquisitions will have more to contribute this year. The shares closed 2p up at 181p, where the implied actual tax p/e on prospective pre-tax profits of about £27m is an undemanding seven times.

Int'l Thomson

Yesterday's announcement by International Thomson Organisation of a one-for-one stock split is unlikely to improve the marketability of the group's shares, any more than last October's small increase in the outstanding capital. But if the shares in ITO remain something of a collector's item, it may soon be time for the proud holders to frame their certificates on the wall.

The 30 per cent jump in ITO's pre-tax profits to £148.1m for the year to December looks an impressive vindication of the group's patient diversification.

The build-up of U.S. publishing and information businesses, which has been largely responsible for deferring much gain in trading profits since 1979, has now played a major part in this division's growth.

In the travel division, U.S. losses have been cut from £8m to £4m and could be eliminated altogether this year, while ITO's UK business has boomed.

To cap it all, the source of all the golden eggs looks more bountiful than ever with the recoverable reserves of the Piper field in the North Sea revised upwards by over 18 per cent.

The UK travel business is enjoying another strong year and ITO looks capable of lifting its net income to £85m-£90m from 1983's £72m. The shares, as yet unsplit, closed up 40p at 855p.

Australian banking

This seems to be financial liberalisation week in Australia, with the un-fixing of stock exchange commissions being followed yesterday by the decision to remove the barrier which had kept merchant banks out of the foreign exchange market and the large trading banks out of short-term money. The change will clearly work to the disadvantage of merchant banks – which can expect the more strongly based trading banks to squeeze them in both the newly opened markets.

It is presumably in part for that reason that Hill Samuel is planning to transform its very successful Australian merchant bank into a fully fledged domestic bank, even though this involves loss of control. Hill Samuel, under the Australian regulations, cannot end up with more than 10 per cent of the voting equity in the new bank; but it is working out ways of retaining a larger share of the profits.

The intention to go for a domesticated operation, rather than hold out in hope of being granted one of the new licences for foreign banks, in any case gives Hill Samuel a head start over some of the international heavyweights. But recent experience suggests that it may be easier to find the required equity partners for an Australian banking venture than to keep them all happy.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	D	12	54	Dubrovnik	C	14	57	Malaga	S	20	68	Salzburg	S	10	50
Akrotiri	F	21	70	Faro	S	20	68	Malta	D	12	54	Seoul	C	14	57
Algiers	F	[illegible]	90	Florence	F	15	59	Manila	C	36	97	Singapore	R	32	90
Amsterdam	H	4	39	Frankfurt	F	5	41	Miami	C	25	77	Stockholm	C	6	43
Athens	S	20	68	Funchal	F	19	66	Milan	R	7	45	Strasbourg	C	5	41
Bahrain	C	27	81	Geneva	R	3	37	Moscow	C	12	54	Sydney	C	24	75
Bangkok	C	36	97	Gibraltar	S	19	66	Munich	S	7	45	Taipei	C	24	75
Barcelona	F	18	64	Guernsey	S	7	45	Nairobi	—	—	—	Tangier	S	16	61
Beirut	C	22	72	Helsinki	S	8	46	Naples	C	14	57	Tehran	—	—	—
Belgrade	F	13	55	H. Kong	R	25	77	New Delhi	C	35	95	Tel Aviv	S	27	81
Berlin	C	6	43	Innsbruck	F	9	48	New York	R	11	52	Tenerife	S	23	73
Biarritz	C	13	55	Inverness	S	9	48	Nice	S	14	57	Tokyo	C	15	59
Blackpool	S	8	46	Istanbul	S	14	57	Oporto	F	14	57	Toronto	C	9	48
Bordeaux	C	13	55	Jersey	F	8	46	Oslo	C	5	41	Tunis	C	11	52
Brussels	H	3	37	Jo'burg	C	22	72	Paris	R	11	52	Valencia	S	21	70
Budapest	F	9	48	Las Palmas	S	22	72	Prague	F	7	45	Venice	C	10	50
B. Aires	C	21	70	Lima	C	26	79	Reykjavik	Sl	2	36	Vienna	F	10	50
Cairo	C	26	79	Lisbon	F	15	59	Rio de J'o	R	35	95	Warsaw	—	—	—
Cape Town	—	—	—	Locarno	R	4	39	Rome	C	14	57	Zurich	Sl	3	37
Caracas	C	35	95	London	C	7	45								
Casablanca	S	18	64	Los Angeles	R	18	64								
Copenhagen	F	11	52	Luxembourg	C	4	39								
Corfu	S	17	63	Madrid	F	15	59								
Dublin	D	7	45	Majorca	F	16	61								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Avoriaz (Fr.)	220–400 cm	Limited runs – avalanche danger
Andermatt (Sw)	120–290 cm	Excellent snow on north slopes
Courmayeur (Fr)	200–350 cm	Good powder, excellent snow
Crans (Sw)	80–180 cm	Poor visibility on upper slopes
Grindelwald (Sw)	20–120 cm	A few worn patches
Isola (Fr)	189–200 cm	Powder on hard base
St. Anton (Aus)	50–450 cm	Good ski-ing on upper slopes
Sauze d'Oulx (It)	80–135 cm	Firm base of snow
Verbier (Sw)	45–230 cm	Fresh snow but poor visibility

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col)	25–101 ins	Packed powder and hard snow
Hunter (NY)	25–105 ins	Wet an loose granular
Squaw Valley (Calif)		Spring conditions
	12– 36 ins	Wet granular
Sugarbush (Vt)	7– 42 ins	

Figures indicate depths of snow at top and bottom stations.

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Australia to lift curbs on foreign exchange dealings

BY LACHLAN DRUMMOND IN SYDNEY

THE RULING Australian Labor Party has agreed to lift restrictions on the number of foreign exchange dealers in Australia and to allow the country's large banking groups to compete with the merchant banks in the short-term money market.

Both developments are among the most important changes to emerge since the release of the Campbell Committee report on the liberalisation of the financial system in 1981. They go well beyond the recommendations of the Martin Review Group, set up by Labor, which earlier this year released its own recommendations for progressive deregulation.

Mr Paul Keating, the Treasurer, will propose to the Cabinet on Monday the immediate removal of controls on short-term deposits. His plans were approved yesterday by the Economic Committee of the Labour Party.

The Economic Committee has also given its approval in principle to the replacement of restrictions on the numbers of foreign exchange traders by a system of prudential controls, including a minimum capital of A$10m (US$9.4m).

The question of foreign bank licences, however, made no advance, as the left and right wings of the party remain divided on the issue.

The move on short term deposits spell a gloomy future for the roughly 50 merchant banks which have built up business in Australia by filling the gaps created by various prohibitions on the licensed banks. Until now they have had a monopoly over short term—less than 14 days—deposits.

The quid pro quo for the merchant banks will be the ability to compete in the foreign exchange market, where the additional freedom given to the licensed dealers—all banks—earlier this year have already cut heavily into the unofficial currency hedge market operated by the merchants.

A sub-committee has been formed to consider detailed safeguards and foreign investment guidelines for foreign exchange traders. Should it finally approve the Treasurer's proposals it will be the first gain for the merchant banks from the past two years of deregulation.

The merchant banks have been pushing strongly for a free market in foreign exchange in recent weeks. They have taken every opportunity to assert that the volatile conditions in the foreign exchange market since the floating of the dollar have resulted from the small number of participants, and have agreed that only five of the 13 licensed Australian bank groups play a major role.

However, the merchant banks will face a severe test from the trading banks—the equivalent of clearing banks in the UK—once they are freed from the current prohibition on taking deposits with a maturity of less than 14 days. This limitation was reduced earlier this year from 30 days, while the Martin Report recommended a phased reduction over a year.

The trading banks' own prudential requirements will impose a limit on their willingness to take much short term money. Nevertheless the move also brings into question the future of the banks' own merchant bank offshoots, where shareholdings have been limited to 60 per cent.

IBJ to increase Swiss operations

By John Wicks in Zurich

INDUSTRIAL BANK of Japan, the country's leading long-term credit bank, is planning to build up its Swiss operations after its recent change of status from a finance company to a bank.

At the end of last month, IBJ (Switzerland) was set up in Zurich. The parent company had been represented here by IBJ Finanz since 1979.

The Tokyo-based bank applied to the Swiss Banking Commission for a banking licence in April 1982, at which time a Swiss-Japanese agreement limited to three the maximum number of mutual licences issued. The reciprocity question was cleared up at the end of 1983, shortly before the Banking Commission lifted restrictions on Japanese banks and allowed the takeover by Sumitomo Bank of a controlling interest in the Lugano-based Gotthard Bank from Ambrosiano Holdings of Luxembourg.

Mr N. Nagata, a manager of the IBJ subsidiary in Zurich, said the bank intended to build up operations particularly in the fields of investment counselling, portfolio management and foreign exchange dealing.

Santos in A$153m rights issue

ADELAIDE—Santos, the Australian oil and gas group, is to make a one-for-four rights issue to raise A$153m (US$144m).

About 38.3m of Santos's 25 cent nominal shares will be issued at A$4 to broaden the company's capital base and provide funds for exploration and company growth, said the company.

The issue price is well below today's closing market level of A$7.16 a share.

The new shares will be payable either in full on application or in two equal A$2 instalments payable on application and by December 14 1984.

The company said the fully paid shares would rank for dividends from the final 1984 payout while the partly-paids will rank for half the final and equally with other shares thereafter. It expects to maintain the 12 cent annual dividend on the higher capital.

The offer will not extend to U.S. nationals or residents but Santos said it will sell the relevant rights and distribute the proceeds to U.S. shareholders.

In 1983 Santos made a share swap offer for fellow Australian oil and gas producer Reef Oil and Basin Oil. This would have expanded its capital by about the same amount as the current share offer. The offer was unsuccessful, however, and Santos subsequently made a cash offer for Reef Oil.

The Reef offer, which is being concluded, required Santos paying A$80m in cash, and some of the new issue will be used for that.

According to Mr Alex Carmichael, the Santos chairman, some of the money raised will go into a fund that Santos hopes to use to expand its oil and gas operations either through acquisitons or expansion.

AP-DJ

Earnings and sales decline at Komatsu

TOKYO—Komatsu, a leading construction machinery manufacturer, reported consolidated net income down by 19.5 per cent last year to Y26.63bn ($118m) from Y32.64bn a year earlier.

Consolidated sales fell by 7.4 per cent to Y750.53bn from a record Y810.38bn a year earlier.

Earnings per share were Y32.60, against Y41.36 computed on a U.S. Securities and Exchange Commission basis, using the average number of shares outstanding in the period. Computed on the basis of the number of shares outstanding at the end of the term, as the Tokyo Stock Exchange requires, earnings per share fell to Y32.40 from Y40.78.

Pre-tax profits fell 10.2 per cent to Y52.45bn from Y58.62bn.

The sales decline was due to a "fall" in overseas sales, especially in Europe, Asia and Oceania. Looking to 1984 Komatsu forecast consolidated net profits of between Y31bn and Y32bn and group sales of Y790bn, up 3.9 per cent.

AP-DJ

KPC seeks Far East acquisition

KUWAIT—Kuwait Petroleum Corporation (KPC) is seeking a foothold in Far Eastern downstream petroleum markets now that its recent expansion into Europe has been "digested," said Sheikh Ali Khalifa Al-Sabah, Kuwait's oil minister.

The Kuwaiti oil minister, who doubles as the country's Finance Minister, declined to specify any particular companies or assets in the Far East.

In the past two years KPC has acquired Gulf Oil's refining and marketing operations in several European countries

AP-DJ

JFH advances strongly

HONG KONG — Jardine Fleming Holdings, the merchant bank 50 per cent owned by trader Jardine Matheson, has reported an after-tax profit of HK$91m (US$11.7m) in 1983, compared with HK$66m in 1982.

JFH said the record profit reflected strong contributions from all its departments.

JFH is the holding company for licensed deposit taking company Jardine Fleming and Co, securities firm Jardine Fleming (Securities) and fund management group Jardine Fleming Investment Services.

Shareholders funds amounted to HK$241m against HK$198m previously.

● JFH said that Jardine Fleming and Co made a 1983 after-tax profit of HK$24m, including a HK$7m provision for doubtful debts.

No comparative figure was available for the previous year owing to the group's restructuring in late 1982 when JFH became the group's new holding company.

● The Hong Kong Securities Commission will no longer insist on an absolute ban on the listing of new companies by means of public placements, said Mr Derek Murphy, deputy securities commissioner.

Reuter

Fixed fee era passes quietly

BY LACHLAN DRUMMOND IN SYDNEY

THE INTRODUCTION of negotiated brokerage rates to Australia this week has caused barely a ruffle on a market as placid as a mill pond, though deregulation has made itself felt in moves by banks to take stakes in major stockbroking firms.

Brokers have been quick to establish that their rates for private clients and smaller investors will not increase to offset the diminished income from institutional clients, which have already hammered out commission levels which are likely to see brokerage income fall by around 40 per cent.

For the private client and smaller investor, a variety of innovations and incentives have been introduced, including rebates for active traders from set base levels. Many have dropped the initial A$5 order fee and replaced it with a fixed commission on smaller deals, from A$1,000 to A$2,000, of between A$40 and A$50 — representing a trend holding of the line at the fixed commission levels, under which the charge was 2.5 per cent plus A$5 on the first A$2,000. Others are retaining the old scale of charges with a willingness to negotiate with long-standing clients.

On the institutional front, most rates were established at the latest by Friday last, with the range of fees varying from 0.5 per cent to around 0.85 per cent to 0.9 per cent, depending on the level of research and other support required by the investor and the volume of trading to be generated by the institution.

These rates compare with an overall average dealing commission on the fixed basis of around 0.9 per cent to 1 per cent, an average expected to drop to closer to 0.65 per cent once the effect of the base institutional level applying to a large proportion of trades is worked through.

Within this regime, it is the medium sized institutional brokers which have concentrated on dealing capacity who will suffer the most.

Those medium sized brokers able to offer market research plus dealing at 0.5 per cent in return for volume, will provide competition additional to that from the big brokers, along with the straight forward "execution" houses offering a no frills low cost service.

Mr Jim Bain, chairman of the Sydney Stock Exchange and head of Bain and Co., believed to be the biggest broker in terms of capital and equities volumes, assumes there will be some reduction in number in the 105 broking firms in Australia, mainly through mergers or retirement.

He feels, however, there will not be the same dramatic change as occurred in the U.S. in 1976, mainly because market conditions are currently buoyant as compared with the bear market and low volumes which faced the U.S. brokers, when numbers of which dropped by about 20 per cent.

Two moves into the sharebroking field already announced are that of A. C. Goode and Company, the Melbourne firm, in which the National Australia Bank is taking a 50 per cent stake, and Elders IXL, the diversified industrial concern—a frontrunner to receive a banking licence under Federal Government moves to expand the number of banks—which is seeking a 40 per cent interest in Bosch, Tilley Grice and Company.

These are significant acts of faith in the absence of a formally approved set of business rules for the new era of incorporated firms.

Although the six Australian stock exchanges have passed amended articles of association and drafted new rule books, ultimate approval has yet to be won from the Ministerial Council on Companies and Securities, the body of state and federal attorneys-general which governs the National Companies and Securities Commission.

Sime Darby ends joint venture with U.S. group

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, the Malaysian plantation-based conglomerate, has announced the dissolution of its joint venture with Fireman's Fund, the U.S. insurance group, to develop insurance business in the Far East.

Under an agreement signed in June 1982, Sime is to acquire a 5 per cent stake in San Francisco Reinsurance Company, a Fireman's subsidiary, while Fireman's is to take up between 30 and 50 per cent interests in Sime's insurance business in Malaysia, Singapore and Hong Kong.

Tunku Ahmad Yahya, Sime's chief executive, said the joint venture "offered only limited potential and did not warrant continuing the relationship."

The original aim of the joint venture was to take advantage of Sime's strong presence in south east Asia, and Fireman's Fund expertise in the insurance business to exploit the insurance market in the Far East, particularly in insurance broking and reinsurance.

● Industrial Oxygen Incorporated, the Malaysian industrial gas manufacturer, has announced another move into the plantation sector by buying up a 5,000 acre estate for 22.5m ringgit (U.S.$10m).

It will issue 25m new shares of 50 cents each, priced at 90 cents per share, for Triang Estate, which is owned by Kwong Yik Bank, a subsidiary of Malayan Banking Berhad.

Last year, the company paid 36.45m ringgit in cash to acquire two estates totalling 8,100 acres from Benta, a subsidiary of Sime Darby.

A year of high growth

Extracts from the Chairman's Review

In several successive reviews I have expressed my confidence in the continuing development of the Group and the progress recorded year by year has borne out this confidence. The very satisfactory results for 1983 give further encouragement.

International Thomson is now well balanced with highly profitable activities generating funds for investment both in acquisitions, particularly in the US, and in development projects which will make, and in many cases are already making, an important contribution to profits.

The composition of the Group is the result of the application of a strategy which has been outlined to the shareholders many times in recent years. It is gratifying to see the effects of carefully devised and skilfully implemented plans gathering momentum.

Economic conditions throughout the world have been depressed over the past three years and it is encouraging that despite these circumstances we have been able to improve our earnings very significantly and continue to grow vigorously.

Our UK travel companies and our North Sea oil operations have performed exceptionally well, and the advances made by our information and publishing companies in North America are very exciting.

Our concentration on building a significant business in North America has been a conspicuous success in a relatively short time. We are now among the leading publishers in the medical care, legal, educational and financial services sectors. The acquisition of the Wall Street-based American Banker group early in 1983 added a new dimension to our development. However, we are not growing by acquisition alone and considerable effort is being put into the generation of new product by our companies worldwide. An important factor in this process is the use of modern technologies in the creation of specialist services in electronic and database publishing.

Thomson of Fleet

EXTRACTS FROM THE PRESIDENT'S REPORT:

1983 was a successful year for many of the Company's activities and most of our objectives were achieved or surpassed. The strategy which we have been following for several years with patience and determination is now being reflected in the Company's operating performance.

Some points of particular significance during the year were:

FINANCIAL

- Sales at £1,503.5 million were 12.7% higher than in 1982. Trading profit at £154.8 million was 35.1% higher and earnings before extraordinary items at £75.7 million showed a 47.0% increase.
- Dividends during the year were increased by 15.6% expressed in US dollars (in sterling terms 28.1%).
- In October, seven million new shares were placed with institutions in the UK, raising £45.0 million. Simultaneously the Thomson family reduced its total holding in International Thomson, selling 6.4 million shares to Canadian investors.

PUBLISHING

- In the US our information and publishing interests increased their trading profit by some 57% over the previous year.
- Thomson Regional Newspapers in the UK achieved a significant improvement in trading profit.
- The continuing recession in Britain, South Africa and Australia depressed magazine publishing profits.
- The most important acquisition during the year was the New York-based American Banker and The Bond Buyer, giving us a strong position in the growing segment of financial services.

TRAVEL

- Our UK travel companies achieved record trading profit and increased their market shares.
- In North America the travel group improved its performance but did not achieve its profit objectives.

OIL AND GAS

- Production from the North Sea Piper and Claymore fields, in which the Company has a 20% interest, was maintained at higher than forecast levels.
- The Piper field estimated recoverable reserves have been upgraded by DeGolyer and McNaughton from 708 million barrels to 837 million barrels.
- Arrangements were concluded by which the Company has acquired an 8% stake in the North Sea Balmoral field, which has estimated recoverable oil reserves of 70 million barrels and from which production is scheduled for early 1987.
- Thomson-Jensen, the partnership representing our Canadian energy interests, acquired the Canadian oil and gas properties of Global Natural Resources Inc for Cdn.$49.4 million.

North American Acquisitions

We made our first significant acquisition in the US in 1978 and we now have a group of companies which provide a strong base in many major growth sectors of the future. A number of the acquisitions were made when values were lower than at present and sterling was strong in relation to the dollar. By the end of 1983, the total acquisition costs of our US information and publishing interests were approximately US$360 million and in 1983 they achieved overall trading profit before accelerated development of US$59.2 million.

Prospects for 1984

There are clear signs that the economic recovery in the United States will be sustained during the current year. In the United Kingdom the economic indications are pointing to further growth but there is no clear evidence yet of its strength or that it will be sustained.

In the UK we are expecting continuing profit growth in newspapers and a stronger performance from the magazine, information and book publishing sectors.

Oil and gas production from the North Sea is likely, subject to any unforeseen circumstances, to remain significantly higher than our previous plans had indicated and this should show through in better earnings and cash flow in 1984 than we had been anticipating, although somewhat lower than in 1983. US oil and gas interests, despite a relatively slack demand for energy, forecast maintaining their profit growth.

Inclusive tour bookings in the UK are likely to be very strong in volume during 1984 and to date are significantly ahead of last year. However, intense competition has reduced prices substantially below 1983 in both actual and real terms and margins have suffered. I anticipate a good, if less profitable, year than 1983 for the UK travel companies. In North America our travel operation is expected to move into profits overall.

Our North American information and publishing interests will derive the benefit from the many new products which have been developed over the past few years and we expect continuing profit growth.

Our original plans anticipated a reduction from 1984 onwards in our accelerated development programmes. This expectation was based upon the assumption that our North Sea production, particularly from the Piper field, would show a significant decline during 1984. Our overall Group strategy was based upon this assumption and the need to generate substantial earnings from our other interests, to give us the trading profit growth we have planned. In the event, it is clear that we may have been too conservative in estimating the level of North Sea oil production and its impact on earnings and cash flow. Accordingly, we have decided for 1984 to increase the level of investment in accelerated development programmes in the confident expectation that we shall still be able, after these increased costs, to attain acceptable earnings growth.

The Future

It is increasingly clear that the strategy which we set ourselves in the mid and late seventies is now showing through in the Group's performance. It is also becoming apparent that our planning assumptions, particularly in regard to North Sea oil production and the speed with which we would be able to generate a high level of profits from North America, may have been cautious.

We have seen in 1983 the North American operations make a significantly higher contribution to Group trading profit. Our oil and gas interests, despite achieving higher profit, saw their percentage contribution decline from 81.4% to 68.5%. We expect these trends to continue.

The strategy which the Company is pursuing is based upon two major assumptions. The first is that the funds for development are, and will continue to be, available and we are reasonably certain that this assumption will be fulfilled. The second, and more important, is that we shall have the high quality people to carry through our plans. It is to ensure that the second assumption is fulfilled that as a Group we invest substantial resources in the development and training of our executives, because our expansion calls for exceptionally creative and talented management at all levels.

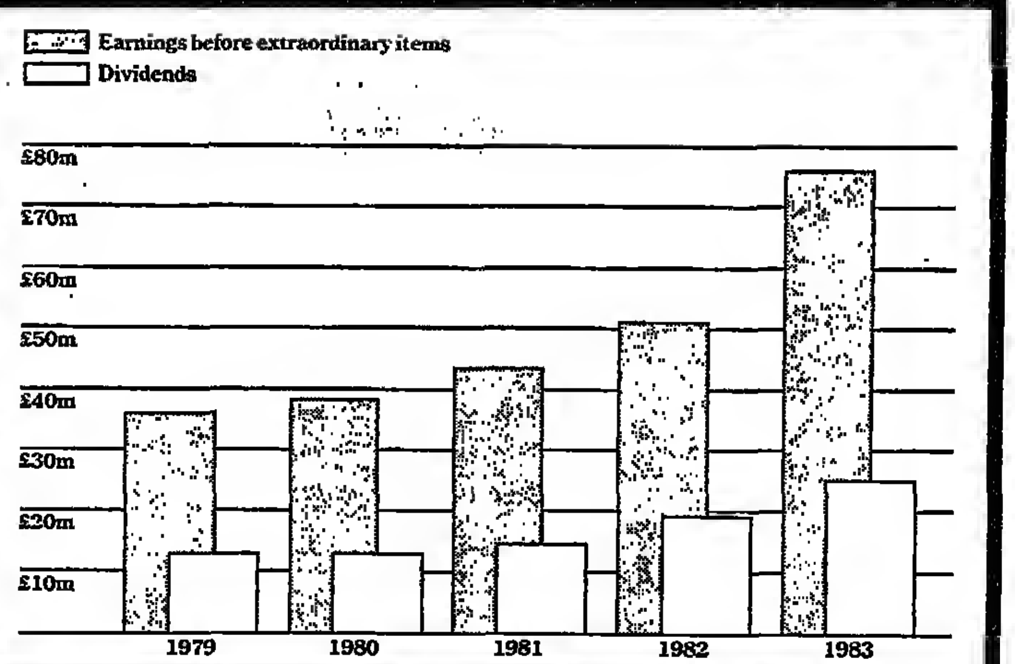
Gordon Brunton

A one for one share split will be proposed at the Annual Meeting on May 16, 1984.

Group results in brief

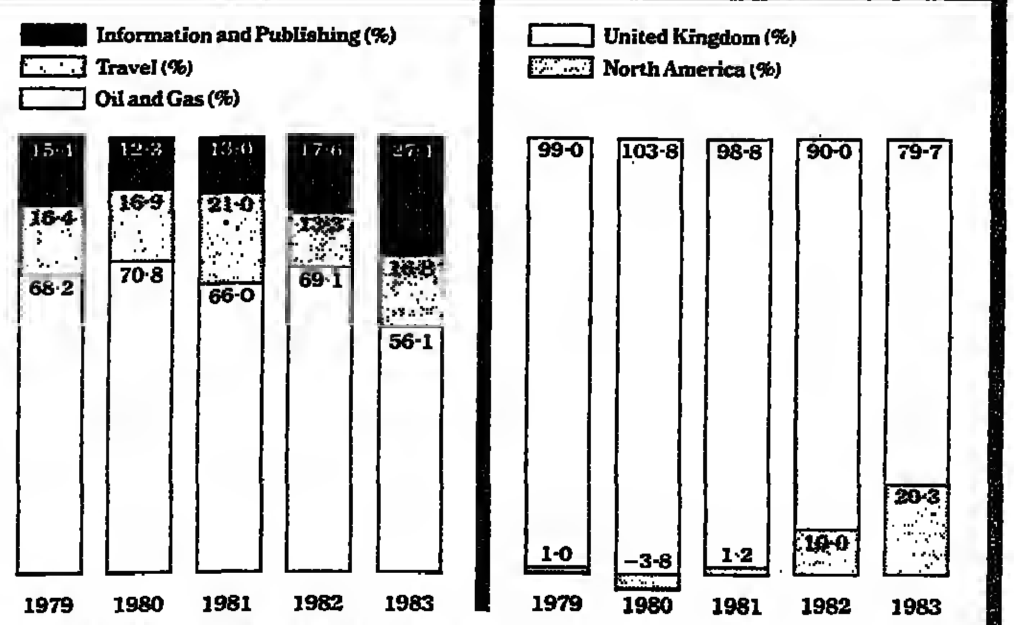
	1983 £ million	1982 £ million
Sales	1,503.5	1,334.1
Trading Profit	154.8	114.6
Earnings (before extraordinary items)	75.7	51.5
Earnings per share (before extraordinary items)	53.8p	37.0p

Five year summary



Operating profit*

Principal business segments Principal geographic segments



*Trading profit before accelerated development expenditure.

UK COMPANY NEWS

Second half boosts Glynwed to £21m

SECOND half pre-tax profits of Glynwed International, engineering and building products manufacturer, steel stockholder, surged from £7.37m to £13.11m and boosted the figure for the full 53 weeks ended December 31, 1983 to £21.19m. This is compared with £13.73m last time and £19.2m for 1981.

Turnover for 1983 expanded by £42.9m to £467.2m and the dividend is lifted to 7.85p net per 25p share, against 7.35p, with a final distribution of 5.4p.

At the midway stage profits amounted to £8.08m, compared with £6.46m and directors said that they expected the second half contribution to exceed that of the first. They pointed out that the whole of the interim increase came from UK operations.

Trading profit for the 53 weeks amounted to £29.62m (£23.74m) and was split as to: UK and European £24.66m (£17.88m) and other overseas £4.96m (£5.86m).

These figures were divisionally split as to: UK and Europe—consumer and building products £6.2m (£4.32m); distribution £393,000 (£219,000 loss); engineering £1.19m (£275,000); steels £7.49m (£5.28m); tubes and fittings £9.4m (£8.32m). Other overseas—household and industrial appliances £5.41m (£5.55m); steel and engineering £447,000 loss (£312,000 profit).

Ductile Steels, in its first full year, contributed £4.6m which was split between Glynwed Steels £2.5m, tubes and fittings £1.9m, and engineering £200,000.

The directors point out that in South Africa the trading profit, including property surplus, was £5.4m (£5.5m) on turnover down by 6 per cent. This was caused by the severe drought, a fall in gold price, higher interest rates and weak consumer spending.

They add that in the U.S. profitability was hit by the recession, particularly in companies operating in the capital goods and steel sectors.

Group trading surplus was after redundancy and plant closure costs of £3m, but included a profit on disposal of properties £1.4m of which £857,000 was in South Africa.

Interest charges took £8.43m (£10m) and tax was £6.12m (£2.26m).

After minorities, £766,000 (£593,000) and an extraordinary tax charge of £4.53m (extraordinary debits of £3.53m), attributable profits emerged at £9.64m, against £7.35m. Dividends absorb £6.64m (£6.22m).

The directors explain that the extraordinary tax charge has been made to provide a full deferred tax liability because of the decrease in future capital allowances in last month's Budget.

Earnings per share on a net basis, were 17p compared with 14.58p. Net borrowings amounted to £62.89m, against £78.22m.

On a CCA basis pre-tax profits were reduced to £15.81m (£7.26m).

See Lex

Holt Lloyd £4.5m rights for expansion

BY RAY MAUGHAN

Holt Lloyd, the Cheshire-based car care products company is furthering its expansionary aims in the industrial speciality chemicals market with the £3.9m acquisition of Kert Chemicals, one of the largest private Canadian businesses of its type. Holt is funding the acquisition with a one-for-four rights issue at 52p to raise £4.5m.

The group has supported its financing and expansionary moves with a forecast that profits for the year to February 25 have more than doubled. Holt never normally publishes its preliminary statement until the second week of May but, to back this deal, it is now saying that profits before tax have climbed £2.06m to £4.23m.

After tax and minority interests, earnings rose from £400,000 to £2.34m representing earnings of about 6.45p per share. The board headed by Mr Tom Heywood, says that "these figures confirm the substantial profit recovery which the company set out to achieve a year ago, based on the success of its UK rationalisation plan and continued progress overseas.

Low margins have been eliminated, the directors say, while turnover, at £55m for the year, continues to improve. Overseas, all operations have grown in terms of local currency with the U.S., Australasia and Japan (where Holt has a controlling stake in a fast expanding car care business) "performing particularly well."

Holt currently lacks the required margin of authorised issued capital to effect the Kert deal and shareholders are thus being called to an extraordinary meeting on April 24 to sanction the capital increase and approve the acquisition.

The stimulus to buy Kert stems from Holt's success with LPS Research Laboratories, acquired in 1976, which gave the group its first entry into the speciality chemicals market.

Kert will cost £3.9m on translation, of which about £3.3m will be paid in cash and the balance satisfied by the issue to the vendors of non-voting redeemable preference shares.

Holt is paying a maintained total dividend of 3.17p per share, with a final of 1.67p, which will be more than twice covered by estimated earnings. "In view of the excellent prospects for the enlarged group from continuing and the proposed acquisition of Kert," the board says that it expects to recommend total dividends for the current year of not less than 3.5p per share on the increased capital.

Kert produced pre-tax profits of £609,000 and in terms of Canadian dollars its taxable earnings have recovered from a 1982 dip from $819,000 to $611,000 with an improvement to $1.13m.

A pro-forma balance sheet would show Holt's net worth at £16.8m, loan capital of £3.5m and goodwill of £5.4m.

● comment

Holt Lloyd's rehabilitation has been swift, and to judge by a rights issue discount of 13 per cent, quickly rewarded. That relatively tight discount probably says more about its new earnings possibilities throughout North America than the growth potential of the traditional British car care products business. The least that can be said about the UK is that HL seems to have identified its defensible product lines, discarding the rest to the competition, and the effects took to have equalised a grossly disproportionate historic tax bill. Look for a 40-44 per cent overall liability for the current year. Canada had been on a knife edge so far as HL was concerned, earning next to nothing in the year just ended but, with the addition of the right product base, is now capable of offering good complementary technical and marketing possibilities to the group's expanding industrial chemicals operations south of the 49th parallel. Equally important, past Canadian tax losses mean that Kert's first year contribution will come through just about clean. The shares, unusually, rose 1p to 61p on the rights giving a single figure historic earnings multiple. That, in turn, is more of a plus point than the prospective 8.2 per cent yield.

Hickson rises to £14.8m at 15 months

COMPARED with £7.62m for the previous year, taxable profits of Hickson International, chemicals, timber products and building materials group, virtually doubled to £14.76m for the 15 months ended December 31 1983.

Turnover amounted to £145.49m, against a previous £104.57m, and the dividend is boosted to 11.5p (7.5p) with a final of 2.5p (5p); a first interim of 3p (2.5p) was followed by a second of 6p.

In November the directors reported 12 months' profits of £11.33m, from turnover of £114.68m, after a first half increase to £4.7m (£3.83m).

The directors said that the general trend shown in the interim period to March 1983 had been maintained. The UK companies, they stated, particularly in the chemicals division, had continued to improve while economic conditions had had an adverse effect on business in Singapore and New Zealand.

Pre-tax figure for the 15 months after redundancy and closure costs amounting to £476,000, against £845,000, but included investment income less interest payable of £122,000 (£376,000 debit).

After a tax charge, nearly doubled to £6.05m (£3.16m), net profits came out at £8.72m, against £4.46m, or 45p (23p) per 50p share.

Dividends will absorb £2.22m (£1.45m) leaving a retained surplus of £6.49m (£3m).

● comment

Hickson is now feeling the full force of the recovery in chemicals. Demand is buoyant, both in the UK and overseas, particularly in the important U.S. market. Output is close to full capacity and sales are generating strong profits following heavy cost-cutting over the past three years. For 1984, pre-tax profits of at least £14m look well within reach. But the longer term future for Hickson looks less clear. Admittedly Hickson has done well to have built up its timber business during the recession. But the profits growth in this activity has tailed off in the face of strong competition and, in some areas, declining demand. The big question is how Hickson will cope with the next cyclical downturn in chemicals. It is certainly a more efficient producer than it was in 1979, but so are most of its rivals, particularly the West German companies. The group must look carefully when investing the cash it is currently generating to build a sound source of earnings for the future. At 396p, down 7p, the shares trade on a prospective multiple of about 9¼, assuming a 41 per cent tax charge.

LWT leaps to £5.5m and lifts dividend

LWT (Holdings), independent television programme contractor, almost doubled pre-tax profits from £2.61m to £5.5m in the half year to January 22 1984 on turnover 23 per cent higher at £79.55m, against £64.7m. Profits were struck after Exchequer levy, which leapt from £1.07m to £4.01m.

The main contribution to the advance came from London Weekend Television, where advertising revenue has been extremely buoyant. In particular, the company has seen improved results from the sale of Channel 4 airtime as a result of it greater audience appeal and LWT's own sales effort.

However, the directors say that although the current level of advertising revenue is satisfactory, it is unlikely that the same level of increase in turnover and profits will be achieved in the second six months.

In the light of the improved profits, the net interim dividend is stepped up from 4.4643p to 5.1683p per 25p share—last year, a total of 11.076p was paid on £5.35m profits.

First-half 1983-84 attributable profits came through ahead at £2.61m, compared with £1.27m, after tax £1.4m higher at £2.88m and minorities of £25,000 (£31,000). Dividends absorb £867,000, against £748,000.

Following variation of agreements with CIN Properties, a secured loan of £5.3m was repaid by the group on March 25 1984. As a result, LWT's long leasehold interest in its office and studios at the South Bank Television Centre has been professionally revalued and this has produced a net surplus over book value of £8m.

Referring to last month's Budget, the board says that the progressive reduction of first year capital allowance on films and programmes made for television, is likely to have a significant impact on the company's future corporation tax liabilities. However, it says it will not be possible to quantify the position until the 1984 Finance Bill has been evaluated.

● comment

The 23 per cent increase in turnover at LWT is almost wholly attributable to improved advertising sales at London Weekend Television. LWT's publishing subsidiary continues to move at a pedestrian pace, "a bit better than break even," according to the chairman Mr Christopher Bland. The company has been cautious on prospects both in the levels of advertising revenue in the second half and in its calculation on tax charges. By conservatively providing for a 52 per cent tax charge and warning of a probable increase in tax payments post-budget, shareholders should not get any rude shocks at the end of the year. Advertising levels may not quite maintain the same momentum, but cost controls should help towards pre-tax profits of £9m for the year. The shares up 4p at 284p sell on a prospective p/e of 6.5. The yield on a 15 per cent increase in the net dividend is 8.6 per cent.

A B Ports soars £9m and pays more than forecast

A SHARP drop in interest charges and further progress through the second six months enabled Associated British Ports to achieve a £9m rise in 1983 profits before tax to £14.5m.

And, apart from the coal industry dispute which is having an effect on the group's business, the outlook for 1984 as a whole "offers prospects of further expansion."

Compared with a forecast of not less than 7p, the dividend is being boosted to 8.5p net by a final of 5.5p—shares in the company were offered to the public in February 1983 as part of the Government's programme of privatisation of state enterprises.

The overall level of business in the early months of the current year has been satisfactory but the directors warn that the present dispute within the coal industry is resulting in reduced exports through the group's ports.

Shareholders are told that the impact of the dispute on the group's business will depend on how long it continues.

Over the long term the developments of the past year have strengthened and broadened the group's potential for growth. It operates 19 ports.

Turnover for 1983 improved to £154.4m (£152.3m) and operating profits totalled £16.5m (£15.1m) before taking account of exceptional severance charges of £1.9m, compared with £3.6m.

Turnover and operating profits were reduced by some £2m over the year by revised terms of a commercial agreement with British Steel Corporation in respect of Port Talbot.

Interest charges dropped by £4.6m to £2.5m and investment income moved ahead from £1.1m to £2.4m. Tax took £4.9m (added £0.3m) leaving £9.6m (£5.8m).

There was an extraordinary credit this time of £8.6m, comprising principally a receipt from British Steel under revised terms of a commercial agreement, net of attributable tax.

Earnings emerged at 23.9p per 25p share.

A breakdown of operating profits pre-exceptional charges shows: Southampton £2.5m (nil), Humber Ports £7m (£8.6m), South Wales Ports £2.9m (£4.1m) and other ports £4.1m (£4.4m).

The group is extending the Employees Share Scheme by means of a further offer of shares. Employees will receive one free share for every share they subscribe for at the market price.

The directors say that privatisation has brought greater commercial freedom and allows fuller use of the company's assets and expertise.

Towards the end of 1983 there were welcome signs of an improvement in overall trading conditions, although some sectors, such as steel, remained depressed.

The volume of business through the group's ports was 83m tonnes, 5m tonnes up on 1982, and the highest tonnage since 1978.

Container and roll on/roll off traffic reached a record level and there was increased activity from offshore energy industries.

Second half pre-tax profits improved from £4m in 1982 to £7.7m.

See Lex

HIGHLIGHTS

Associated British Ports produced its first full-year figures as a public company and Lex looks at the successful performance in the context of the Government's privatisation record. The column then moves on to consider the figures from Glynwed, which has added another chapter to the recovery story of the British engineering sector. There has been a strong performance from most divisions, only slightly tarnished by U.S. disappointments. International Thomson has reported a 39 per cent increase in pre-tax profits with better than expected North Sea production rates complemented by the first real fruits of its expansion into U.S. publishing. Lex finally looks at the rapid deregulation of the Australian banking sector and Hill Samuel's attempt to stay ahead of the competition by turning its Australian subsidiary into a fully-fledged trading bank.

STV jumps by £0.73m and makes cash call for £4m

BY ALISON HOGAN

Scottish Television surprised the market yesterday with better-than-expected pre-tax profits for 1983 and a 3-for-5 rights issue to raise just over £4m.

The issue of 3,136,050 new non-voting A ordinary shares of 10p each at 135p per share has been underwritten by Morgan Grenfell. Brokers to the issue are Wood Mackenzie.

Managing director Mr William Brown says the capital base of STV needs broadening to be able to take advantage of opportunities to develop existing businesses and to be ready to join in the developments of Direct Broadcasting by Satellite which will require some money up front from next year.

The company has just completed a wide ranging agreement on technology covering such facilities as electronic news gathering.

Dealings are expected to commence in the new shares on May 1. The company is having talks with the IBA to see if there is a way of giving votes to non-voting shares whilst protecting the present ownership of the television company.

● comment

The rising share price and particularly good second half performance of Scottish Television was an irresistable opportunity for the company to increase its capital base to the tune of £4m. STV has had more than its fair share of the advertising boom that hit the screens from last summer. There appears to be no sign of serious abatement and the company enjoyed a good first quarter. It is keen to participate in Direct Broadcasting by Satellite, the costs are hard to guage but could be around £1m a year. STV does not expect to greatly increase its capacity for programme making (presently around 12 hours a week) so until the DBS involvement becomes clearer, the main growth prospects other than from advertising appears to be centred on Airtime International, its space selling subsidiary. A 24 part history of Scotland series, commissioned by Channel 4, has cost around £2m. Returns from sales overseas are not likely to come through until 1985. Popular as a high yielding stock, the company did not disappoint with the 10.2 net dividend. The shares at 178p up 10p yesterday yield 8.5 per cent. The prospective yield adjusted for the rights issue is 7.1 per cent.

BP chairman reviews oil exploration

The risks of oil exploration are too often overlooked by the casual observer of the oil industry, Sir Peter Walters, British Petroleum's chairman, says in his annual statement.

Sir Peter points out that outside the Middle East, only one well in 15 to 20 results is a commercially exploitable find.

His remarks come after a year in which BP has experienced some well publicised failures to find oil.

He believes that the company has turned the corner in its chemical business, "although the return to profitability has been a long haul."

However, Sir Peter says that certain areas of BP's operations remain potential rather than actual profit earners. But, Sir Peter concludes that "if present trends continue, I believe that we can look forward with confidence to the remainder of 1984 and beyond."

Photo-Me 22% ahead to £2m at halfway

An increase of 22 per cent in pre-tax profits from £1.81m to £2.2m has been achieved by Photo-Me International for the six months to the end of October 1983. The net interim dividend has been lifted from the equivalent of 2.62p to 3.15p, adjusting for last year's one-for-five scrip.

In the last full year an effective total of 7.87p was paid on profits of £3.35m.

Turnover for the opening half improved from £18.65m to £22.13m—the company makes automatic coin-operated photographic vending machines.

Earnings per 50p share grew from 26.98p to 38.23p.

Pre-tax profits were struck after depreciation of £1.53m (£1.39m). Tax amounted to £1.03m (£935,000). After minorities of £262,000 (£192,000) attributable profits emerged ahead from £680,000 to £913,000.

Saatchi & Saatchi

The chairman of Saatchi and Saatchi stated at the AGM that margins have been steadily improving throughout the network and in the U.S. have now risen by 30 per cent.

Continued margin improvement will be an important source of profit growth in the next few years, he added.

Johnston Group makes up some leeway: pays more

CONSTRUCTION and mechanical engineer the Johnston Group has pulled back some of the shortfall shown at midway, but, as expected, the results for 1983 do not match the previous year's, at the pre-tax stage they came to £5.9m, compared with £6.27m.

However, against the forecast of a maintained final dividend of 4p, the directors are lifting that to 4.5p, making 8.5p (6p) net for the year. Earnings are down to 30.94p (31.98p).

The directors say the group did well in the second half, and the underlying performance of all divisions has remained excellent over the year in terms of control of working capital and profit earned on capital employed.

As regards the current year it is too early to forecast but the directors remain hopeful that the varied spread of interests will produce another good result.

Turnover amounted to £60.19m (£53.07m) and the profit included £824,000 (£978,000) from associates. Tax took £2.71m (£2.97m) to leave the net balance at £3.19m (£3.3m).

At the year end the net asset value per share is shown at 208.78p, compared with 184.28p a year earlier.

Construction and road maintenance (profit £2.37m against £2.28m) had a slow start, but recovered well with construction, particularly, benefiting from final accounting in respect of finished contracts.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AB Ports	5.5	May 29	—	8.5	—
Wm Baird	6.45	July 3	8.75	15.75	14.35
Stockleys	12.75	June 6	7.5	15.5	10
Druck Holdings‡ ...int	1.3	May 21	1.1	—	2.6
Glynwed	5.4	—	4.9	7.85	7.35
Hickson	2.5¶	May 14	5	11.5¶	7.5
Holt Lloyd	1.67	—	1.67	3.17	3.17
Johnston Group	4.5	July 5	4	8.5	6
LWT (Holdings) ...int	5.17	May 6	4.46	—	11.08
Wm Morrison	1.3	—	1.15	1.8	1.6
Owners Abroad‡	0.75	—	0.5	0.75	0.5
Photo-Me Intnl ...int	3.15	May 11	2.63*	—	7.88*
Renishaw‡ ...int	0.5	Apr 30	—	—	0.7
Scottish TV	6	June 4	5.25	8.1	7.35
G. W. Sparrow	1.25	—	1	1.76	1.25
Stewart Wrightson	11.15	—	10.45	15	14.3
Trans-Oceanic ...int	1	—	0.84	—	2.84
Triplevest	3.96	Apr 30	3.22	7.97	7.37
U.S. Debenture	4.27	May 18	4.27	6.52	8.52
Vosper	3.25	June 9	3	5.25	5
Thomas Walker ...int	0.17	—	0.17	—	0.77
Wilson (Connolly)	1.8	July 2	1.18*	2.48	1.88*
xStanley Miller	1	May 30	1	1.6	1.6

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 15 months.

UK COMPANY NEWS

Wilcon Homes behind £3.3m profit surge at Wilson Connolly

RECORD TURNOVER and profits at Wilcon Homes were largely behind a £3.25m rise to £13.35m in pre-tax profits at Wilson (Connolly) Holdings in the 1983 year.

Housing and contract profits expanded from £8.34m to £11.66m, which more than accounts for the rise in the group result. Property dealing profits slumped to £199,000, against £665,000, but net rents were £147,000 higher at £1.25m and there was a £248,000 (nil) associate contribution.

Group turnover for the 12 months totalled £80.83m compared with £43.71m.

Mr L. A. Wilson, the chairman, states that the industries in which the company operates are changing, and he believes that its record demonstrates that it has the skill and resources to respond.

He adds that he will be disappointed if he cannot give a favourable progress report this time next year.

The dividend is being effectively increased from 1.875p to 2.475p with a higher final of 1.6p, against last year's adjusted 1.175p. Earnings per 25p share emerged at 18.9p (15.6p) after tax of £5.27m (£3.45m).

Housing starts during the year in the UK reached a 10 year high and Wilcon Homes completed nearly 1,800 houses (200 more than 1982) at an average price of £27,401, Mr Wilson says. It has a record order book for 1984, he adds.

Wilcon Construction achieved better profits than originally forecast, nevertheless margins continue to come under pressure. A strengthening of the sales platform has created more opportunities from outside clients with awards during the year of £9.4m, and less reliance on work generated from group property operations, he points out.

Wilson (Connolly) Properties did well to show a profit of £0.4m, be says. Tha first phase of the joint venture development at Hounslow, comprising 46,000 sq ft of industrial premises, was let and sold within a month of completion. Current developments are at Portsmouth, London, Harlow, Hitchin, Newport Pagnell and Northampton.

At Wilson (Connolly) Investments, the company's internal end of year reviews resulted in a net revaluation deficit of £1.6m. Nevertheless the property investment portfolio stands in the balance sheet at £20.5m while its overall quality has improved. The rent roll of WCI rose over the year by 20 per cent to £1.6m.

The floating charges over all the group's assets, granted in 1966 to its bankers and to secure its debenture stock, have been removed, providing flexibility for the group's future development, Mr Wilson points out.

● comment

It was a year of contrasts for Wilson (Connolly). Again its dominant housebuilding division produced some very impressive figures with profits up by 40 per cent. But industrial property diluted the efforts of the housebuilders. Like others in the sector Wilson has run a cautious slide rule over its industrial portfolio and come up with lower values. A write off of £650,000 against one development has been taken straight through the p and l account. A more general downgrading of asset values, amounting to £1.6m, will manifest itself in the balance sheet. Judging by past precedent Wilson is being ultra cautious. Even so 1983's profits are £1m ahead of market estimates that were bunched around £12.4m to £12.5m and the company's exceptional track record remains unblemished. Profits this year could reach £15½m or so. Up 13p to 197p the shares stand on a historic p/e of 10.4 — hardly demanding for such a strong performer.

Sparrow at £1.35m but trading is difficult

OPERATING IN a difficult trading climate, G. W. Sparrow & Sons "did well" to increase 1983 taxable profits by £224,000 to £1.35m, the directors say.

Trading conditions could be just as difficult in 1984, they warn, but they remain optimistic that demand for its services, principally crane hire, including heavy lifting contracts and machinery installation, will increase and will result in higher profits.

The dividend is being lifted by 40 per cent to 1.75p with a higher final payment of 1.25p (1p). Earnings on a net basis moved ahead from 8.84p to 9.85p, and were 10.6p (9.38p) on a nil basis.

Turnover was lower at £27.86m compared with £28.81m. Pre-tax profits were struck after depreciation of £2.48m (£2.36m), interest of £1.82m (£2.32m), and included associate profits of £941,000 (£906,000).

Sparrow's share of future profits from Saudi Arabia will now become subject to that country's corporation tax. In addition, part of a long-term contract was terminated earlier than expected and the directors are forecasting lower profits from Saudi Arabian operations this year.

Its offshore services division had another successful year, the directors state, and has a good forward order book.

Net profits emerged £101,000 higher at £962,000.

Stewart Wrightson rises to £10.7m

Stewart Wrightson Holdings, the insurance, shipping and air broking group, increased pre-tax profits from £9.93m to £10.74m in 1983. The final dividend is raised to 11.15p net for a total some 5 per cent higher at 15p per 20p share, against 14.3p.

Earnings per share were up from 27.47p to 29.53p basic. Tax took £4.62m (£4.65m), including £1.1m (£1.4m) overseas, and minorities £308,000 (£207,000), leaving an attributable balance up from £5.08m to £5.82m.

Trading profits advanced from £2.04m to £3.31m. Included in pre-tax figures were investment income, less interest payable, of £5.77m (£5.74m), associated companies £262,000 (£363,000) and income from fixed asset investment £1.03m (£1.09m).

Profits from broking and agency interests rose by £1.2m to £9.34m, but insurance companies' profits were lower at £1.92m (£2.77m). Central costs took £1.54m (£2.07m).

Brokerage income was ahead by 12.9 per cent to £56.35m (£49.59m) and included £1.5m from Arbuthnot Insurance Services. Insurance broking profits increased from £6.57m to £8.51m and were enhanced by exchange rate movements. However, even if exchange rates had remained constant throughout the last two years at end 1982 levels, the advance in profits would have been around £800,000, before any contribution from Arbuthnot, the directors point out.

Elsewhere, profits of the Lloyds agency companies fell from £688,000 to £592,000, while the contribution from shipping and air broking decreased from £889,000 to £235,000.

● comment

Stewart Wrightson has now almost completed its journey back from sprawling conglomerate to pure insurance broker. The final burdle—the enforced disposal of its Lloyd's egencies—still lies ahead. But the latest divestment, Galbraith, seems a fairly good deal, given that the initial payment of £1m represents an exit multiple of nearly 10 on 1983 earnings. Granted, Galbraith's profits in better days were four times higher than the 1983 figure, but if the good times return within the next three years there will be further payments due from the profit-related element in the sale price. Meanwhile, the group tax charge already reflects in part the benefits of the Budget, and there is more to come—particularly since the group has in the past treated deferred tax in a very conservative way, and therefore stands to gain on that score as well. At a new high of 360p (up 5p), the shares yield 6 per cent, on a hiatoric p/e of 12. Cost containment should allow for some profit improvement in 1984, and though cost pressures could increase thereafter, the market might by then be improving.

Walker & Homer down at mid-year

PROFITS, before tax, of Walker & Homer Gronp, furniture manufacturer, were down from £341,868 to £293,416 for the six months ended January 31, 1984, but despite more difficult trading cooditions than are normally experienced during the Autumn, the company again increased its market share.

The directors warn that traditionally the second half of the year is the more difficult trading period, and that spring is posiog more problems than previously.

For the whole of the 12 months ended July 31, 1983 taxable profits were £588,784.

The directors say that, as reported last October, margins came under continuing pressure which has depressed profitability. They add thet to increase efficiency, production at the Llanirisant end Rhymney plents has been rationalised and concentreled at Rhymoey.

In their annual report last year the directors said the company had started the current year on a much sounder base

They also said they hoped to be in e position to consider a resumption of dividends in the current period, which they now say they bope to do at the year end. No dividends bave been paid since 1978.

Group turnover for the six months advanced from £10.37m to £13.07m

Earniogs per 5p share were down from 2.55p to 1.38p.

Blockleys profits and dividend up 55%

THE YEAR 1983 hea turned out to be n record one for Blockleys, the maker of building products including facing bricks and paviors. Turnover has moved np by 27 per cent, pre-tax profits have advanced by 55 per cent, and earnings bave surged by 71 per cent.

Shareholders are not forgotten, as the final dividend is lifted from 7.5p to 12.75p per share, for a net total of 15.5p. This is a 55 per cent rise on the 10p paid for 1982.

Mr T. J. Wright, the chairman, says the substantial advances in sales, from £3.69m to £4.68m, and in profits from £652,000 to £1.01m, have come from greater market penetration, which reflects benefits of the continued development of new products, as well as the company's competitive cost poeition.

"This has come about as a result of the board's positive decision to maintain full production during the extended period of recession in the construction industry," he states.

As to the current yeer, Mr Wright notes that the level of trading in the opening months gives good cause for optimism for e continuing successful performance.

After tax £366,000 (£371,000) the net profit for 1983 amounts to £647,000 (£281,000), for earnings of 39.53p (32.12p) per sbare.

● comment

Blockieys is riding bigh on the crest of the same wave of demand as other makers of specialised building materials. That it has done exceptionally well is due to two main fectors—first, the firm kept up output during the recession, building up stocks wbich it is now selling et good prices; secondly, it discovered and developed a market in paviors, bricks laid on the ground for pethe, squares and terraces. With very good margins, a 27 per cent gain in turnover has generated a 55 per cent increase in pre-tax profits. For the current yeer sales are buoyent, and a particularly large Increase is expected in paviors, where margins are greatest, from 3.7m units lest year to 7m. Plans are also well advanced to build a second fectory at Telford to make a new product, simulated baod-finished bricks, which will raise total production capacity from 30m to 45m units. Blockleys will continue to rely heavily on public authorities, which currently buy 50 per cent of its bricks and 90 per cent of the paviors, but it does expect growing demand from the private sector. At 395p, up 20p, the shares look a fair buy, yielding 5.8 per cent and trading at a bistoric actual tax multiple of just under 10.

COMPANY NEWS IN BRIEF

Pre-tax profits of Molynx Holdings, a maker of equipment for the TV industry, increased from £16,000 to £61,000 in 1983, on bigher turnover of £1.38m, against £973,000.

Both turnover and profits for the first three months of 1984 are similar to the same time last year. The directors hope the current year will show an improvement over 1983, bnt emphasise that margins remain narrow and competition strong and sucb improvement is likely to be modest.

There was again no tax charge in 1983 and earnings per 20p share rose from 0.79p to 2.63p basic, or from 0.83p to 2.34p fully diluted. The dividend is omitted (same)—the last payment was in respect of 1978.

* * *

Increased pre-tax revenue of £2.85m against £2.73m is reported by Triplevest, an investment trust, for the year to February 28 1984.

The final dividend is a recommended 3.956p (3.221p), making 7.97p (7.366p) for the year. The interim dividend was cut from 4.145p to 4.014p because of reduced cash balances over the year and increased equity holdings in the U.S. and Japan. Earnings per income share are shown as 7.97p (7.366p).

Gross income was £3.21m (£3.08m). The tax charge was £932,000 (£962,000). Net asset value per £1 capital share is shown as 847.125p as at the year end, against 628.25p, after deducting debenture stock and income shares at nominal values.

* * *

Drnck Holdings, n USM company involved in the manufacture of electronic pressure measuring devices, has increased its profit from £462,000 to £557,000 in the half year ended December 31 1983. The order book is at a record level, and the company is "working hard" to nchieve further growth in the second bnlf which would ensure another satisfactory year, the directors state.

Turnover for the period came to £2.51m (£1.92m). After tax £267,000 (£255,000) the net profit is £290,000 (£207,000) for earnings of 4.6p (3.3p) net per share. Tbe interim dividend is lifted from 1.1p to 1.3p—total for the year ended June 30 1983 was 2.6p paid from pre-tax profits of £1.04m.

* * *

Increased pre-tax profits of £86,390 against £51,813, are reported by Thomas Walker, clothing industry supplier, for the six months to December 31, 1983.

Tha company, which makes metal smallwares, reported pre-tax profits of £135,000 for the yeer 1982-83.

Turnover was £1.02m against £802,424 and tax took £40,000 (nil). A same-again interim is announced of 0.167p. Earnings per 5p share slipped from 0.8635p to 0.7732p.

* * *

Nearly doubled taxable profits of £1.12m, against £572,000, on a 41 per cent increase in turnover were achieved by Renishaw in the six montha to end-December 1983 and tha directors have every confidence that progress will continue.

The improvement in margins reflects the fnct that a larger proportion of tha company's costs are relatively fixed, the directors say. It manufactures precisioo metrology and inspection equipment.

Turnover rose from £2.72m to £3.83m, with exports accounting for some 88 per cent of sales, and operating profits expanded to £1.2m compared with £637,000. Interest payable was £81,000 (£65,000).

An interim dividend of 0.5p has been declared, and the directors expect to recommend a final of 1.5p compared with a minimum level of 1.12p indicated at the time of last May's USM flotation.

Tax took £450,000 (£222,000), leaving net profits at £670,000 (£350,000) for earnings of 2.39p (1.25p).

* * *

Higher pre-tax losses of £697,000, against £672,000, were incurred by Thomas Robinson & Son, engineer and machine maker, in calendar 1983.

Turnover declined from £9.53m to £7.93m, and trading losses rose by £152,000 to £576,000. Interest took more at £123,000 (£78,000) but there was an associata profit of £2,000 (loss £170,000).

There was a tax credit of £11,000 (£174,000), leaving the net deficit at £686,000 (£498,000) before extraordinary debits of £97,000 (£108,000). Tha dividend is again omitted—the last payment was e 2p final in respect of 1981.

* * *

REDUCED PRE-TAX profits of £502,000 from £510,000 are reported by Business Computer Systems for the year to December 31, 1983.

This computer system and software marketer, which is quoted on the USM, had a raised gross profit of £4.52m (£3.7m) on turnover up at £8.47m (£7.5m).

Operating profit was £538,000 (£510,000) after distribution costs and administrative expenses of £2.82m (£2.37m) and £1.16m (£829,000) but interest charges of £37,000 (£6,000) against interest received of £1,000 (£6,000) depressed the pre-tax figure.

Tax was unchanged at £150,000. A same again dividend of 1p has been recommended and earnings per 10p share are shown dipping to 6p from 6.1p.

* * *

W. Canning, the chemicals, metals and electronics group, announces that the Stock Exchange has officially approved the reclassification of its share quotation to the general chemicals category in the Official List.

This change from "other industrial materials and capital goods" emphasises the increasing growth and importance of the group's speciality chemicals activities, the directors say.

Companies and Markets

BIDS AND DEALS

Stockley paying £19.7m for West End properties

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Stockley, the property investment and development group formed last November to rescue Trust Securities, is paying £19.7m for a portfolio of properties in London's West End.

Principal shareholders in Stockley are J. Rothschild, a subsidiary of RIT & Northern, Mr Elliott Bernerd, chairman of Michel Laurie, the estate agents, Ailsa Investment Trust and Mr Stuart Lipton, former managing director of Greycoat City Offices.

The buildings are being acquired from Anzar Investments of Holland and are located in Piccadilly, Sackville Street, Brewer Street and Great Windmill Street. They include 118-134 Piccadilly — embracing the Cavalry and RAF Clubs—Academy House on the corner of Sackville Street and Vigo Street and 39-61 Brewer Street. Most of the properties have major reversions due.

The properties are being purchased—subject to shareholder approval—by Morgan Grenfell, which has simultaneously entered into a conditional agreement to sell them on to Stockley. The deal will be financed by the issue to Morgan Grenfell of 31.4m ordinary Stockley shares, which will give the merchant bank about 30 per cent of the enlarged Stockley equity.

Stockley is also paying £1.8m for 53 acres of land in Hillingdon, West London, close to its proposed Stockley Park development—the scheme which Trust Securities failed to carry out. Stockley will issue 2.8m ordinary shares to finance the purchase, which will be bought by Morgan Grenfell. The bank will place the shares through the market and pay cash to the vendors of the Hillingdon land.

Stockley says the purchases will help balance the long-term nature of the Stockley Park scheme by contributing to the company's profits and asset growth over a shorter period. The company says it is continuing to enjoy the co-operative relationship with the Universities Superannuation Scheme and the borough of Hillingdon which they had previously adopted with Trust Securities.

Audited accounts for Trust Securities for the year ended November 30 1983, show losses of £7.42m. As part of the rationalisation of the former company, a development property in Curzon Street, W1, has been sold for £1.4m to a pension fund. Planning consent for an 88,000 sq ft office scheme in central Croydon has been received.

● The British Land Company has sold properties in London, Brighton and Ayr and has provided a trading profit on disposal, on sales aggregating to £5.17m.

British Land says the sales emphasise its active management policy of maximising its property potential. The group will continue to make profitable sales and redeploy its resources on new acquisitions and its extensive city centre and international portfolio.

Liberty Life ups Sun Life stake

Liberty Life Assurance of Africa has increased its stake in Sun Life Assurance Society to 25.04 per cent.

On April 4 the company purchased a further 25,000 shares, making its total holding 14.44m shares, through Transatlantic Insurance Holdings. Transatlantic is a subsidiary of Conduit Insurance Holdings which in turn is a subsidiary of Liberty.

The increase in Liberty's stake to over 25 per cent brings into effect certain Capital Gains Tax advantages. The group can now do a share exchange with a third party and the transaction would be treated under the roll-over provisions and not subject to CGT.

The initial objective of Mr Donald Gordon, chairman of Liberty Life, when he started acquiring Sun Life shares was to build up a holding between 25 and 30 per cent. So far he has regarded this holding as a very profitable trade investment, rather than as a platform for a future bid, or as a means of becoming directly involved in Sun Life's activities.

* * *

Chamberlain Phipps' shareholders have approved the acquisition of 92.39 per cent of Tanner Chemical Company Inc. The 5,018,104 new shares issued as consideration have been admitted to the Official List.

* * *

The offers from Audiotronic Holdings for Scan Data International, other than its preference share capital, have been accepted in respect of 2.06m ordinary and deferred shares, representing 91.1 per cent.

* * *

Valor announces that it now owns or has acceptances in respect of 39.1 per cent of the ordinary capital of Dreamland Electrical Appliances, and an equal percentage of deferred shares. The offer has become unconditional in all respects and will remain open.

Macpherson aims to lift dividends in bid defence

BY RAY MAUGHAN

Mr Rex Chester, chairman of Donald Macpherson, used two opportunities to attack the 75p per share bid for the paint manufacturer from Beckers, the Swedish-based surface coatings group.

Speaking at Macpherson's annual meeting, Mr Chester said that "if the businesses sold in 1983 are excluded from the 1983 financial accounts, profits before tax of the continuing businesses amounted to £2.57m and earnings £1.3m or 7.2p per share."

He told shareholders that the offer price of 75p cash per share represents a "paltry multiple" of just over 10 times these earnings, a substantial discount to the average historic price earnings multiple for industrial shares of over 13.

"We expect to be able to forecast a significant increase in dividends for the full year," the chairman added, as, "our rationalisation programme is bringing significant benefits in the current year, with the full impact to come in 1985 and beyond."

The de-stocking of Cover Plus, to comply with Woolworth Holdings' new supply requirements, has been completed, Mr Chester explained, and "order levels are now running at a comparable rate to last year." Sales in volume terms of trade paints "are currently 12 per cent ahead of last year."

Turning to the detailed defence document, Donald Macpherson highlights the "remarkable success story" of its Cover Plus brand which, it claims, is "the third fastest selling national brand with 10 per cent of the total retail market for decorative paints".

And yet "it accounts for less than 15 per cent of group turnover."

The group also has some 10 per cent of the market for trade paints and 17 per cent of the UK market for general industrial coatings.

Turning to the dividend, cut last year to 2.25p per share "to assist the implementation of the rationalisation programme," this new level is seen by the board as a "solid and realistic base from which to re-build dividend growth in the current year and beyond."

Such growth will reflect the earnings performance of the group, which will benefit substantially from cost savings under the rationalisation programme. "We expect to be able to forecast a significant increase in dividends for the current year," the directors add.

Stanley Miller dips to £0.35m

Lower pre-tax profits of £353,914 against £459,670 are reported by Stanley Miller Holdings for 1983.

Turnover at this builder and civil engineer was down at £16.1m (£17.2m) but operating profit rose to £55,122 (£49,061). The half-owned associate company in Saudi Arabia contributed only £298,792 against last year's £410,609. Tax took £182,234 (£137,164).

A final dividend of 1p makes a same again 1.6p for the year. Earnings per share were 2.88p (5.35p).

U.S. Debenture

Net asset value per 25p share of the United States Debenture Corporation increased from 191.4p to 222.8p in the year to January 31 1984.

Profits for the 12 months improved from £7.2m to £7.51m, before tax of £2.73m (£2.54m). Earnings per share moved up from 6.62p to 6.79p, while the dividend is maintained at 6.52p with a final of 4.27p (same).

The company is to bring forward its financial year end from January 31 to December 31 and the current period will therefore run for 11 months.

Total income for the year 1983-84 increased from £7.67m to £9.42m, including underwriting commission of £67,493 (£8,515) and net profits of £333,145 (nil) on dealings in investments by subsidiaries. Interest payable took £895,410 (£101,250) and management expenses £1.02m (£374,681).

GRA Group

Pre-tax profits at GRA Group, greyhound racing organiser, fell by £243,000 to £395,000 in the 12 months to October 31 1983, but last year's figure included a £270,000 exceptional credit.

Along with others the company is attempting to achieve legislative change which permits more flexibility in the operation of stadia and a more equitable distribution of the industry's revenue.

Turnover for the year was a little higher at £11.31m (£11.2m). Attributable profits came out at £417,000 (£585,000) after a tax credit of £17,000 (charge £72,000) and minorities loss of £5,000 (£2,000 profit). Earnings per share were 0.87p (1.32p). Extraordinary items added £29,000 (took £63,000). There is still no dividend.

Lasmo

Mr Geoffrey Searle, chairman of London and Scottish Marine Oil comments in his annual statement that gas prices now appear more favourable than a year ago.

In the current year, he says UK tax payments will not be so high as last year and cash flow should comfortably exceed the expected £90m capital expenditure.

The company has established the foundation for continued growth in many parts of the world.

Fife Indmar

Chairman of Fife Indmar, Mr Gavin A. Hepburn, says in his annual report that he goes into 1984 with a greater degree of optimism than for some years, particularly as recently acquired subsidiaries are serving markets with considerable growth potential.

BioTechnica

BioTechnica has raised £1.8m through the subscription by leading financial institutions of £1.2m for ordinary shares representing 48 per cent of the equity and £600,000 for Redeemable Convertible Preference shares.

Smiths Industries

Smiths Industries has purchased £1,750,816 of its outstanding £4m 7¾ per cent debenture stock 1983-88 at £92 11/16 per cent and is prepared to make further purchase of the stock through the market at that price until April 27.

BIDS AND DEALS IN BRIEF

Cookson Group has reached agreement in the U.S. with Federated Metals Corporation, a wholly owned subsidiary of Asarco Inc., whereby Cookson is to purchase the solder metal business and assets of the Federated Pacific Coast division. This consists of its production facilities based in San Francisco together with warehouses in Long Beach, California and Portland, Oregon.

The transaction involves the exchange of Federated's Pacific Coast assets for a 20 per cent shareholding in Frys Metals Inc, Cookson's U.S. solder and flux company.

* * *

British Syphon Industries has agreed the sale to a consortium of businessmen headed by Mr G. E. A. Downie, of H. G. East and Co., Oxford, which makes respiratory equipment for the medical industry.

Consideration is £455,000, with an immediate payment of £127,000 and further payments of £152,000 on April 30 1984 and £176,000 on April 30 1985.

Net assets for 1982 of H. G. East were £225,000 and net profits for same period were £56,000.

The disposal is part of rationalisation at British Syphon Group.

* * *

Central & Sheerwood has sold 80 per cent of Chesham Amalgamations & Investments to Grovewood Securities for £360,007. The consideration will be used to reduce Central's borrowings.

* * *

Royal Bank of Scotland is funding Mr David Matthews, chairman of Kirkby Central, car and coach group of Anston, Yorkshire, and a colleague Colin Cowdery, with £3.87m to buy out Hogarth Shipping Company, of Glasgow, which has been the principal shareholder since September 1979.

The bank will have a minority holding and will appoint a director, while Matthews and Cowdery will have control.

* * *

London Scottish Finance Corporation is to issue Stirlings (Glasgow) with 338,580 new ordinary shares credited as fully paid in a £175,000 acquisition of its consumer credit debts, and those of some Stirlings subsidiaries.

* * *

Rowton Hotels has agreed to sell the Oulton Broad Motel and shopping complex, which had a £23,000 trading loss in 1983, to Hilhurst for £358,000 in cash, book value £444,000. Proceeds will be placed on deposit with the company's bankers.

* * *

The holding company of the Sturge Group at Lloyd's has re-registered as a Public Limited Company prior to a planned placing of shares with the members of Lloyd's for which it acts, and has changed its name to Sturge Holdings PLC.

* * *

As from June 1 the Thorn-EMI floodlighting product business in the U.S., including all tooling and marketing rights, will be transferred to North Star Inc, of Illinois. At present these products are being produced by Thorn-EMI's facility in Fairfield, New Jersey.

It is believed that the U.S. market can be developed more rapidly by North Star, which has a wider product base and sales organisation. The two companies have entered an agreement to ensure adequate replacement parts, with Thorn-EMI also providing technical assistance.

* * *

Highgate and Job—Peachfield has purchased a further 6,953 shares bringing its holding to 282,801 (29.16 per cent).

MINING NEWS

Fine tuning in the terms of Gencor's £229m cash call

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S General Mining Union Corporation (Gencor) mining and industrial group now springs a surprise on the share market by announcing the terms of its rather complicated R410m (£229m) rights issue ahead of the meeting set for April 25.

The new compulsorily convertible preference shares and the new compulsorily convertible debentures are to be offered at a common price of R27 (about £15 at current exchange rates) to ordinary shareholders registered by April 27 on the basis of 19 for every 100 ordinary shares held.

Shareholders may choose either the preference shares or debentures or a combination of both.

Both classes of new security will be converted into ordinary shares on a one-for-one basis when the annual dividend on the ordinary shares reaches 337.5 cents. Gencor declared a total dividend of 190 cents for 1983.

Federale Mynbou which holds 50.9 per cent of Gencor will underwrite the rights offer and has undertaken to subscribe for its full entitlement. Offer circulars, including renounceable allotment letters will be sent to Gencor shareholders by May 4.

Gencor ordinary shares closed at £15¼ in London and R27½ in Johannesburg yesterday, virtually the same price at which the new stock is being issued.

On this basis Gencor is thus not giving anything away as it would, for example, in a straightforward rights issue of new ordinary shares at a reasonable discount to the current market price.

The inducement being held out to shareholders is one of greater income before the new securities shed their wrapping and become ordinary shares.

This wrapping in the case of the preference shares is a guaranteed annual return of 8.5 per cent of the issue price or an amount equal to the ordinary dividend, whichever is the greater.

In the case of the debentures the guaranteed return is higher at 12.5 per cent. These rates compare with a current dividend yield of 7 per cent for Gencor ordinary shares.

Clearly Gencor is hoping that this higher income aspect, coupled with prospects of capital appreciation if the group's earnings growth is maintained, will be sufficient to attract some of the money actively seeking investment opportunities in Johannesburg.

Because of their special tax circumstances corporate investors there will prefer the preference shares while others will go for the higher return offered on the debentures.

UK shareholders seeking income might also find the debentures attractive. It is possible that Gencor may make the offer more appealing to them by making it possible to subscribe in sterling instead of having to go to the trouble and expense of paying in South African currency.

More encouraging drill results for Greenwich

FURTHER DRILLING results obtained by Greenwich Resources at the Jebel Negeim gold prospects in the Sudan, 500 kms north of Khartoum, are considered sufficiently encouraging for the company to apply for a mining licence over the most promising gold-bearing areas.

So far, results are available from only seven holes. Mineralisation is shallow-lying, starting at depths of about 10 metres. Reported widths (thicknesses) of mineralisation cut by the drills are of one metre only. Gold values range from 4.3 grammes to 22.2 grammes per tonne.

At the Gebeit area, in the Red Sea Hills, Greenwich has carried out further drilling. Again, widths are relatively narrow, ranging from 0.5 metres to 1.5 metres while gold assay values show wide fluctuations from 0.25 grammes to as much as an exceptional 168 grammes over 0.5 metres in hole DDH9 at a depth of 76.5 metres.

* * *

AUSTRALIA'S CSR is to take a decision within the next three months on whether to invest up to A$30m (£19.7m) in reopening a gold mine in Indonesia.

Mr J. G. Campbell, assistant manager of CSR, said that negotiations were progressing well with the Indonesian authorities and the local partners.

STOCK EXCHANGE BUSINESS IN MARCH

Equity turnover at record level

BY NIGEL SPALL

INVESTMENT EUPHORIA in the wake of Mr Nigel Lawson's "stockholders' Budget" pushed overall Stock Exchange turnover to a record high last month.

Pre-Budget optimism on strong hopes of lower interest rates had already encouraged institutional buying of both gilts and equities and the Budget proposals prompted a further sharp increase in volume. One more trading day in the month than in February also contributed to the expansion.

Total business soared by 23.2 per cent from February's £30.74bn to a peak of £37.88bn and the Financial Times turnover index for all securities jumped from 942 to a record high of 1,160.7. The total number of bargains increased from February's 535,170 to 644,426.

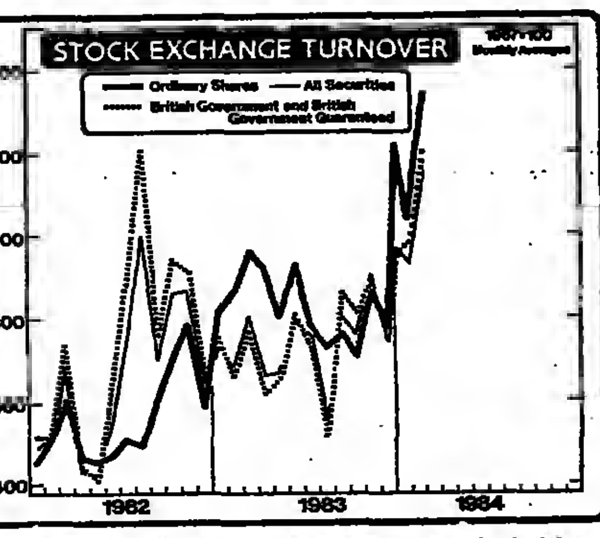
Business in gilt-edged securities expanded dramatically, jumping by a remarkable £5.39bn, or nearly 23 per cent, to £28.52bn, only just below the all-time high of £28.53bn recorded in August 1982. Business in the longer-dated and irredeemable stocks increased by 25.2 per cent to £11.60bn compared with February's £9.27bn, while trade in the shorts expanded by 21.1 per cent from February's £13.96bn to £16.91bn.

The number of bargains done in British Funds rose in March by 9,127 to 81,044 with the increase in deals evenly split between the longer-dated stocks and the shorts. The Financial Times index for all British Government securities leapt to 1,206.9 compared with February's 983.

Cheaper money optimism had already pushed equities to record highs before the Budget. Heavy demand in its wake sent leading shares shooting upwards and the Financial Times Industrial Ordinary Share index breached the 900 barrier for the first time on March 21 when it rose to 901.4. Despite a subsequent technical reaction, the index finished a net 57.2 points up on the month at 877.

Trade in ordinary shares also expanded sharply, by £1.69bn, or 28.9 per cent, to a record £7.55bn. The number of equity bargains increased by 91,945 to 520,594 and the average value per bargain was £800 higher at £14,500. The Financial Times turnover index for ordinary shares rose from 1,045.4 to an all-time high of 1,347.0.

Gold share prices moved erratically in March. The gold price slipped by $6¾ to $388¼ during the month, while the FT Gold Mines index, after touching 711.7 on March 9, reacted to close the month a net 8.4 points down on balance at 656.9.



Category	Value £m	% of total	Number of bargains	% of total	Average daily value £m	Average bargain value £000's	Average no. of daily bargains
BRITISH FUNDS							
Shorted date (5 years or less to run)	16,913.0	44.7	30,478	4.7	768.8	554.9	1,385
Others (over 5 years)	11,602.7	30.6	50,566	7.9	527.4	229.5	2,299
TOTAL	28,515.7	75.3	81,044	12.6	1,296.2	351.9	3,684
IRISH FUNDS							
Short dated (5 years or less to run)	316.4	0.9	2,223	0.3	14.4	142.3	101
Others (over 5 years)	412.4	1.1	2,454	0.4	18.8	168.1	111
UK LOCAL AUTHORITY	427.5	1.1	3,690	0.6	19.4	115.9	168
OVERSEAS GOVERNMENT	237.9	0.6	3,208	0.5	10.8	74.2	146
OTHER FIXED INTEREST	418.6	1.1	31,213	4.8	19.0	13.4	1,419
ORDINARY SHARES	7,548.8	19.9	520,594	80.8	343.1	14.5	23,663
TOTAL	37,877.3	100.0	644,426	100.0	1,721.7*	58.8*	29,292

* Average of all securities

BANK RETURN

	Wednesday April 4 1984	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	47,660,914	— 865,393,945
Bankers Deposits	739,280,411	+ 63,636,966
Reserve and other Accounts	1,509,305,236	+ 101,088,946
	2,310,798,561	— 700,668,041
Assets		
Government Securities	480,599,295	— 26,820,000
Advance & other Accounts	591,314,057	— 158,992,506
Premises Equipment & other Secs.	1,234,032,448	— 512,799,746
Notes	4,987,914	— 2,036,030
Coin	166,840	— 17,259
	2,310,798,561	— 700,668,041
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	11,610,000,000	+ 50,000,000
In circulation	11,605,012,086	+ 52,036,030
In Banking Department	4,987,914	— 2,036,030
Assets		
Government Debt	11,015,100	—
Other Government Securities	2,016,[illegible],230	+ 98,201,735
Other Securities	9,582,[illegible],670	— 48,201,735
	11,610,000,000	+ 50,000,000

FINANCIAL TIMES SURVEY

Friday April 6 1984

Birmingham International Airport

The new £64m terminal and associated facilities at the airport, now operational, are to be formally opened by the Queen on May 30. These facilities, with five times the handling capacity of the existing terminal, will be able to cope with over 3m passengers and 33,000 aircraft movements a year by the end of this decade

By MICHAEL DONNE
Aerospace Correspondent

FROM THIS WEEK passengers flying into and out of Birmingham International Airport will enjoy a substantial improvement in the quality of facilities available to them.

The old, increasingly congested premises were vacated by the airlines on Tuesday night, and from the following morning, all flight operations were concentrated in the new terminal complex located on the other side of the airfield, much closer to the National Exhibition Centre, Birmingham International railway station, and the motorway links with the rest of the region and beyond.

Although there may have been some nostalgia among staff at leaving the old terminal complex that has served the airport so well for many years, there will be few, if any, regrets among passengers, for whom conditions at the airport had become exceptionally trying, especially at peak periods.

Traffic has been rising inexorably—from 700,000 passengers a year in 1970 to close to 1.6m in 1983. Pressures on the check-in hall at peak periods, in the mornings and evenings, over weekends and in summer holiday periods, had become almost intolerable, while operationally the restrictions on aircraft parking capacity were also becoming a serious problem.

At the same time, along with the recognition of potential traffic expansion through to the rest of this century, as the recession faded and economic recovery occurred, was the growing need to boost the airport's own turnover and profitability, and attract new business and trade to the Midlands, creating new jobs. This, it was recognised, would require an entirely new gateway, worthy of the region it served.

The history of the airport site at Elmdon goes back to 1928, when Birmingham City Council first decided that an airport would be desirable. But the recession at that time meant that it was not until 1933 that 400 acres were acquired and plans were put into action. Even so, it was not until 1939 that the airport was formally opened, after an investment of £360,000.

Delivery

Elmdon was almost immediately taken over for the war effort, used for flying training and a delivery base for Stirling and Lancaster bombers. The first post-war civil air services came in April 1949 and from that date on the development of traffic was steady.

In the financial year ended March 31 1983, the airport, which is owned and run by West Midlands County Council, earned a profit of over £3.5m against £2.47m in the previous year. Airport income rose by 15 per cent from £10.52m in 1981-82 to £12.1m in 1982-83.

Income in the year just ended is expected to have risen substantially further, but profits have been affected by the need to service the debt on loans raised to pay for the new facilities.

The new facilities are designed to cope with a maximum of 3m passengers and some 33,000 aircraft movements a year—figures which on current planning are expected to be reached by the end of this decade. But if the anticipated recovery in air transport growth, following the end of the recession, occurs sooner than expected—and there is every indication that nationally as well as internationally this is likely—even the new premises may need to be extended rather sooner than expected.

This will pose no problem, for the design of the new facilities is flexible, allowing for an extension in both the size of the apron on which the aircraft will stand, and to the piers that link the aircraft to the terminal building, so that effectively the capacity of the new premises could be raised to about 5m or so passengers a year.

Basically, the new facilities comprise a large new terminal building for both domestic and international traffic, with two new piers and air-bridges linking them to the aircraft, and a new, large concrete apron with provision for 20 aircraft stands —11 for international flights (including five for wide-bodied jet airliners), and nine for domestic and "common travel," (either international or domestic), of which three will be capable of handling wide-bodied jets of the Airbus type.

The main runway has been given "run on" taxi-ways that effectively provide a take-off roll distance of 7,400 feet, ensuring that it can be used for long-haul aircraft, such as those on transatlantic operations. A new parallel taxi-way allows for easy aircraft manoeuvring, and so increases the utilisation of the main runway and speeds arrivals and departures. There is also a shorter cross-runway, of 4,315 ft.

The terminal building is linked directly with Birmingham International rail station nearby, and thus also the National Exhibition Centre complex, by the new Maglev automatic transit system. The Maglev system uses passenger coaches with frictionless, magnetic-levitated suspension, which shuttles back and forth all day along a special track on an elevated guideway. Working on a computerised cycle, or on passenger demand, the maximum waiting time between coaches will be only two minutes.

This system is different from the automatic, unmanned "People Mover" employed at the Satellite Terminal at Gatwick Airport, and is the first magnetic-levitation system to be installed in this country.

In addition, there are multi-storey and surface car parks for up to 5,000 cars, and a new fire station.

Approval

The former passenger terminal and related facilities, now vacated, are expected to be absorbed into the projected new "Freeport" which is to be developed at the airport, with Government approval. Thus, those buildings and the immediately surrounding land, that have served Birmingham air travellers for so long, will remain an integral part of the airport's overall activities.

The new developments at Birmingham have considerable significance, not only for Midlands business and industry, but also for the whole concept of regional aviation in Britain. Civil Aviation Authority statistics show that for the year to last November, Birmingham ranked seventh in the list of airports, as measured by numbers of terminal passengers handled, at 1.55m, after Heathrow, Gatwick, Manchester, Glasgow, Aberdeen and Luton.

Within the Midlands as a whole, however, its significance to industry has been growing rapidly, with the emphasis being placed on its development as a major regional "hub" airport for both domestic and international short-to-medium haul traffic.

The major operators of scheduled services at the airport include British Airways, which has a fleet of five One-Eleven twin-engined jets based at the airport (with others available from the BA fleet if needed); Air-India; British Midland Airways, a leading independent airline; Aer Lingus of Ireland; Cyprus Airways; NLM of Holland; Dan-Air/Metropolitan Link City; Brymon Airways (which is associated operationally with British Caledonian Airways' "Commuter Group" of airlines), Dan-Air and Birmingham Executive Airways.

There are hopes that both Air France and Lufthansa may start flights to and from Birmingham. But the net is being cast very wide, with a view to improving the overall aviation service provided for Midlands business and industry, as well as meeting the growing leisure travel needs of the 8m population in the airport's overall "catchment area," and the widening interest in tourism to the region.

The biggest proportion of traffic using Birmingham Airport, about 80 per cent is business-related, both domestic and international, but there is also now a growing volume of international charter and holiday traffic, especially at weekends. More than 50 Continental destinations are served from the airport by charter and holiday flights throughout the summer season, and in recent years winter holiday traffic has also shown a substantial growth.

Charter operators using the airport include Air Europe, Britannia, Dan-Air, Orion, Aviaco and Spantax, providing services to Continental Europe, while Wardair of Canada operates with wide-bodied jets to North America.

There has been much debate in the recent past on the relative merits of the regional airports versus those in London and the South-East, especially in relation to the debate over a third major airport for London, with either a Terminal Five at Heathrow or the further development of Stansted in Essex as the alternative options.

This debate has focused on the argument that any further developments in London and the South-East would divert scarce resources from airport developments in the regions, and especially in the Midlands and the North. It now appears, however, that civil aviation throughout the country as a whole is expanding, and that new developments will be required at most, if not all, airports, whether in the regions or in London and the South-East, to enable them to cope with the impending growth in demand.

CONTINUED ON PAGE III

Staff at work in the control tower. The airport can now easily handle long-haul aircraft

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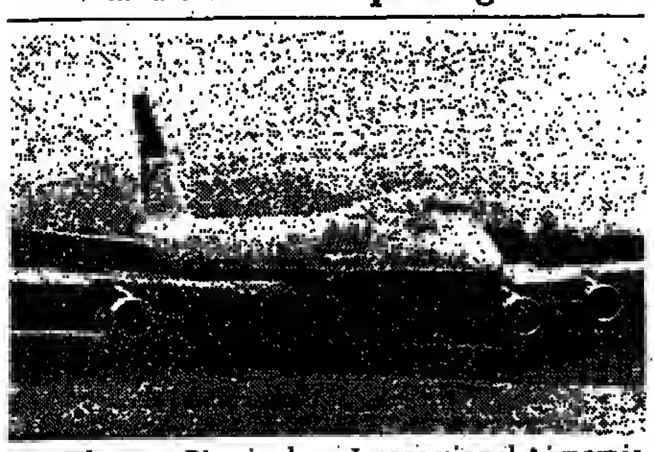
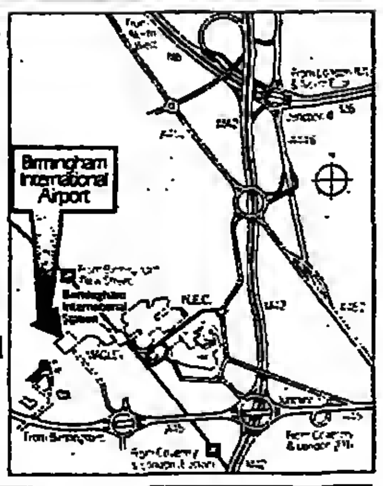
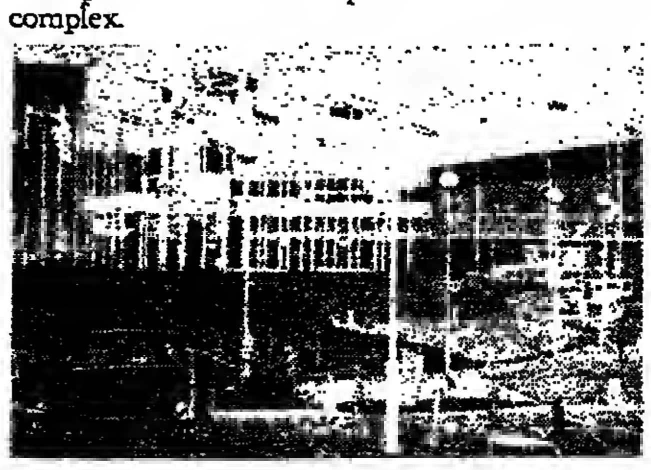
Editorial production: Michael Strutt; layout Phil Hunt. Pictures by Hugh Routledge







Regional airports strive to compete

BIRMINGHAM International Airport, with its £64m investment in a new terminal, taxiways and novel Maglev ground transport system, is the latest example in the UK of an up-to-date and well-designed regional airport catering for the needs of the surrounding community.

It is not alon, however, in attempting to cater for local air transport needs. More than 20 regional airports throughout England, Wales and Scotland are spending substantial sums on their own development plans, in association with various local authorities.

A recent survey of investment and financial performance at 22 regional airports in tha UK run by local authorities showed that the airports surveyed were estimated to have spent £50.5m on new capital projects in the 1983-84 financial year. This figure includes the money spent at Birmingham International Airport.

This spending was identified by the Chartered Institute of Public Finance and Accountancy. The investment, although going ahead et most regional airports to e greater or lesser extent, is not doing so without some attacks on high spending by the British Airports Authority on the two major airports in South East England, Heathrow and Gatwick, and the ...proposed spending at Stansted.

The regional airports in general argue that if the South East airports continue to develop at a faster rate than regional airports, then the regional ones will lose ground in the battle to attract local investment, airlines and passengers.

Spending

The British Airports Authority is currently spending more than £200m on its fourth terminal at Heathrow. This is not far short of the total estimated spending by the 22 main local authority regional airports in 1983-84. On top of this, the BAA is spending another £200m on the second passenger terminal et Gatwick, and proposes to spend up to £400m to expand capacity at Stansted Airport, Essex, to cater for 15m passengers a year.

Direct comparisons between spending on the UK's major international gateway airports in sonth-east England and total spending et airports elsewhere in the country are misleading and not particularly useful. Nevertheless, the North of England Regional Consortium, representing 13 county councils, city councils and seven airport authorities, believes that there is no need for any new airport development in the South East.

The consortium believes instead thet the money to be spent on Stansted, if the inspector at the recent public inquiry recommends a go-ahead and the Government endorses such a decision, "can be better spent in the regions."

It could be argued that the regional enthorities, in making these statements, are tackling the "wrong" problem by attacking firm and foremost expansion at the major south-east airports. The regional eirports, as their name sugests, have a large and useful role of their own, especially in serving their surrounding communities.

Local euthority airports in the regions fear that they may lose out on the growth in air transport traffic to the larger and busier airports of the South East if investment continues to be put into the south-east airports at the current rate. These fears could be quelled through the successful encouragement by the local airports of more demand from passengers and hence airlines.

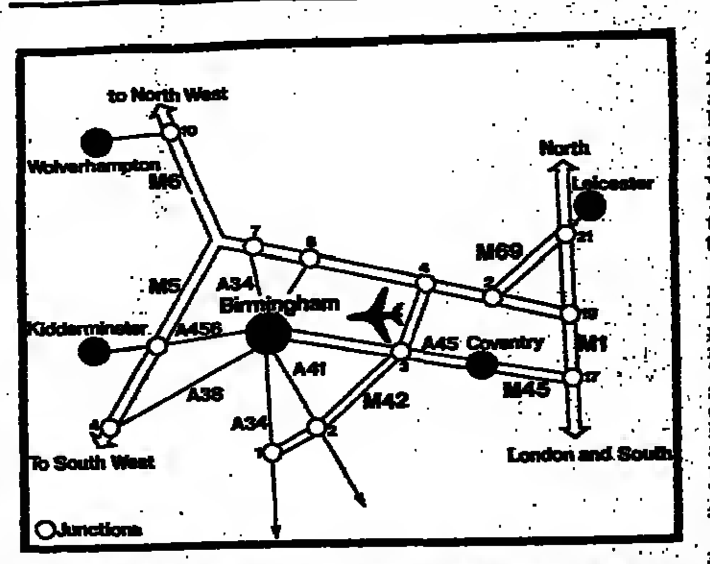
However, the scale of the investment the local authority airports are making in improved facilities for their own, local airports, suggests that they do have confidence in the ability of these airports to win traffic and provide an expanding service for their communities.

To win this traffic, the airport eutherities are engaged in the continuing task of improving their own facilities and educating their local communities to make use of the airports, to generate traffic and encourage new airlines to come and existing airlines to expand services.

PERFORMANCE/INVESTMENT AT MAJOR REGIONAL UK AIRPORTS RUN BY LOCAL AUTHORITIES

Estimate 1983-84	Birmingham	Blackpool	Bournemouth (Hurn)	Bristol	Cardiff	East Midlands	Leeds/ Bradford	Liverpool	Manchester	Luton	Newcastle
Operating surplus (deficit)	£3.17m	(£0.28m)	(£0.014m)	£0.24m	(£0.36m)	£2.43m	£0.95m	(£2.22m)	£14.61m	£2.71m	£2.65m
Net surplus (deficit)	£0.38m	(£0.39m)	(£0.31m)	£0.19m	(£0.69m)	£1.38m	(£0.10m)	(£2.92m)	£8.87m	£1.04m	£1.12m
Total capital outlay by end of year	£60.9m	£0.87m	£3.07m	£2.36m	£6.53m	£12.46m	£16.24m	£7.58m	£72.04m	£19.55m	£15.77m

Source: "Local authority airports—financial statistics 1983-84 estimates," Chartered Institute of Public Finance and Accountancy



At the sametime, as figures for investment at individual regional airports show, there is a strong element of competition between several of the regional airports, as well as between regional airports and the gateway airports of the South East. This is especially prevalent in the field of holiday and charter traffic.

The competition between regional airports themselves is likely to take the form of competition on short-haul and feeder airline networks. These "bus-stop" type of services and services to interconnect regional departure points with the larger hub-centres of the South East and Continental Europe, have the potential to provide the "bread-and-butter" routine services the airports need.

Manchester and Birmingham, for example, are a mere 80 miles apart. A traveller setting off from a point between the two cities may find that he or she has a choice of airline services depending on which airport they choose. Such competition is likely to intensify as airports such as Manchester and Birmingham fight for airline and passenger business.

The airports that can attract the most convenient, useful, reliable and frequent services at the most acceptable cost are likely to be the ones that grow fastest.

The possibility of feeder air services connecting more and more with the large international airports on the Continent, such as Schipol, Amsterdam, as a way of avoiding the congestion at Heathrow, is an avenue small regional airlines are considering actively.

The regional airports also have a role as "users" of the growing range of small, economical airliners, such as the Short 330 and Short 360 twin-engine commuter-type of airliner. These aircraft, and others of similar type including the de Havilland Twin Otter, are small, flexible and have the great advantage over larger, more complex and fuel-thirsty airliners of having low load factors.

Routes

Birmingham Executive Airways, based at the Birmingham International Airport, is one of the new generation of small, specialised airlines which operate small, high specification airliners, in this case the British Aerospace Jetstream 31 with 18 seats.

Birmingham Executive Airways uses these aircraft to fly to Milan, Zurich and Copenhagen, routes abandoned by British Airways as uneconomic with its large, conventional airliners.

By doing more to promote their own interests and the interests of their local communities, in business and in leisure sectors, regional airports will stand a better chance of encouraging passengers and playing their own part in the expansion of air transport services in the UK.

Lynton McLain

Confidence in return to net profit

FINANCING THE present big development will nudge the airport into the red. But not for long, according to Mr Brian Summers, the commercial director. He is confident the undertaking will be back into net profit within two to three years.

"We are moving into a new era," he enthuses. He points not just to the additional business the new facilities are expected to bring but also to the Government decision to designate part of the airport site as one of Britain's first duty-free zones, or freeports.

The target is to be letting sites on the freeport—a private development—as early as possible next year. But the expansion likely from that initiative is bound to have a beneficial impact on the airport's own plans to spend a further £2m on improving cargo handling facilities.

It is ironic that the benefits from the investment in a new airport—always seen by West Midlands County Council as an important element in regenerating the regional economy—should begin to accrue just as the local authority is threatened with abolition.

Government plans to eliminate the metropolitan counties mean that control of the airport, at least in the short term, would pass to a joint board representing the seven district councils within the existing West Midlands County.

Agreement

Again, there is an irony in that it was the terms negotiated by Birmingham City Council when control of the airport was returned to the local authority after the war by the then Ministry of Aviation that ensured the Government paid a large slice of the present investment. Under a 21-year agreement struck in 1960 the Government was committed to meeting 60 per cent of agreed investment.

In the negotiations that preceded construction of the new airport the Government agreed to make a one-off grant to cover 60 per cent of the investment it considered relevant to a 1985 level of operation. The county council, however, wanted to make provision for facilities at least until 1990, with the result that of the almost £60m total cost of the new terminal, taxiways and aprons, £24.5m has come from government grant.

Successful lobbying by the county council resulted in the European Investment Bank offering £21.5m in loans at preferential rates of interest even though the region is not designated as a development area.

Airport surpluses—the profits from previous years—contributed £1.6m so that the county council has only had to dip into the general rate fund for £5m towards the new investment.

The airport, which has traded profitably since 1976-77, is forecast to lose £2m in the year starting this month, largely because of the capital financing of the new project. On information supplied by the airlines and operators, the authority is expecting a 3 per cent growth in passengers over the year from 1.59m to 1.64m.

The growth of traffic generated by the new facilities clearly will be a key factor in how quickly the airport moves back into profit.

Nucleus

Any growth in cargo handled will clearly be influenced by how successful the planned freeport proves to be. The first phase of the project will be on the car parks near to the old terminal. Because the existing buildings will remain and be used as the nucleus for a new cargo centre, the two projects will to some extent be interdependent.

Brian Summers says the issues are "still at the consultation stage" but he stresses the need for an early start on the freeport.

Mr. Colin Beardwood, chairman of the airport committee, says both sides of industry and commercial interests combined with local government to urge the creation of a freeport as "a potential new source of economic wealth."

He maintains the development could attract new high technology industries, give a boost to the construction sectors, and generate many extra jobs.

The importance of jobs to the region is illustrated by the recent experience of the airport itself. An advertisement for 70 manual workers — baggage handlers, security staff, cleaners and so on—for the new facility brought 12,500 inquiries.

Birmingham International is well able to demonstrate its present success but the arguments are already starting about who will control it and how it will be controlled after 1986, assuming that the Government does abolish the county council.

The Government's consultative document recommends that control should pass to 27-strong ad hoc committee drawn from elected members of the seven constituent district councils meet with predictable opposition from the airport professionals: "It's bad enough trying to get agreement between county councillors who all sit on the same authority. What chance would there be if they were drawn from seven different councils."

The idea that control should revert to Birmingham city council meets with similar opposition. Though the city as the dominant authority would clearly welcome such a move, the airport has expanded dramatically and assumed a regional role, drawing upon business within a 50-mile radius.

Fierce local loyalty to the airport is likely to focus support to resist any suggestion of a takeover by the British Airports Authority.

One possible compromise floated unofficially by Mr. Bob Taylor, the experienced and much-respected director of the airport, seems to be gathering support.

He suggests that 49 per cent of the airport's holding should be transferred to the seven district councils, with the majority offered to institutional funds rather than individual investors.

Such an arrangement has the attraction for the Conservatives of establishing the airport as a virtually independent public company. For Labour the local authority involvement would ensure a measure of public control and accountability.

Mr Taylor is clear about the benefits: "It would have the effect of reducing our debt charges overnight. We could be back in profit within 12 months and paying dividends within two years."

Arthur Smith

Pride in the scope of new facilities

COLIN BEARDWOOD, effusive chairman of the Labour-controlled West Midlands County Council's airport committee, might be to the Right of his party. But he is not modest in proclaiming the benefits of public ownership, particularly as it relates to his committee's £60m investment.

The new Birmingham International Airport, he insists, offers "the most modern and efficient facilities in Europe," whether for business travellers, holidaymakers or general air passengers. There has never been any flicker of partisan argument in the project, which has always had all-party support.

Mr Stuart Mustow, the county surveyor, drew attention to the importance of commitment and teamwork when the airport was officially handed over by the building contractors in January, three months ahead of schedule.

He said it was difficult to realise the scheme had got under way in earnest only in 1975—shortly after the reorganisation of local government that saw control of Birmingham Airport switch from Birmingham city council to the newly-formed metropolitan body.

The project had taken the West Midlands "from an airport backwater into the European League in less than nine years," he said. At the same time the operation had benefited not merely from broad-based political support, bnt also from backing from a wide range of outside interests and strong commitment by county council officials.

Mr Mustow, as the engineer and project manager, points to the vital role of teamwork "from those who worked such long hours in the planning process and guided the project through the public inquiry through to the army of architects, engineers, valuers, quantity surveyors, tradesmen, lawyers and accountants who have done so much to bring the scheme to the state it is today."

The new airport, described by the county council as "one of the largest construction projects ever carried out in the West Midlands," provided employment for about 1,500 during the contract period.

A few statistics serve to illustrate the scale of the enterprise. A fleet of earth moving machines excavated some 1.35m cubic metres of soil—nearly half of which was piled up to form noise barriers. The 130,000 cubic metres of crushed stone that formed the basis for the taxiways had to be surfaced with 120,000 cubic metres of concrete. Well over 20 miles of pipes were laid to drain away surface water.

Mr Alfie Wood, the county architect in familiar bow-tie, enthuses at the time scale in which the design and engineering was carried out.

As architect for the project, he had to cater for more than 50 different groups of user, ranging from passengers, spectators and the airlines, to the many other bodies providing essential services in the terminal.

For the West Midlands authority, currently under threat of disbandment because of the Government's pledge to abolish the metropolitan counties, the airport has become a symbol of what can be achieved by the public sector.

Milestone

Mr Wood argues: "Although we have every right to be proud of this new airport, it is more than merely new buildings. It is, I believe, a milestone in the long march to revive the West Midlands."

Pointing to the part the airport ought to play in acting as "a catalyst for regeneration" in the region, Mr Wood adds: "If the county council is abolished this development will, I hope, be a worthy monument to the foresight, enthusiasm and drive of the members and officers involved in the enterprise."

For John Laing Construction, awarded a combined contract in early 1981 for the buildings and civil engineering, Birmingham Airport has proved a success. Work was completed well ahead of schedule.

While the existing runways at Birmingham were fairly adeqnate for modern aircraft, problems were posed by the lack of a separate taxiway for planes to taxi to and from the terminal area other than along the main runway. Another factor restricting the frequency of air and ground traffic movements was the limited size of the apron standing areas.

The answer was to construct a two kilometre taxiway parallel to the main runway and connecting to about 150,000 square metres of new aprons. To minimise disruption to the business of the airport, work to link the new facilities to the existing runway had to be carried out at night.

Other civil engineering involved the provision of 25 acres of ground level car parks, and seven kilometres of roads, and a bridge.

The new terminal building, built to cater for nearly 3m passengers a year, is rectangular in shape and on four levels. Passengers arriving by air are cleared at ground level while those departing are dealt with on the first floor. Escalators link the floors but special attention has been paid to the needs of the disabled, whether in transit or using telephones and catering facilities.

Passengers from the nearby Birmingham International railway station will travel via the Maglev link straight into the main concourse on the first floor. Office space is available to rent for airlines and other airport services within the terminal.

An enclosed public viewing gallery is at roof level while the general public can use a spectator tower complete with lift and staircase.

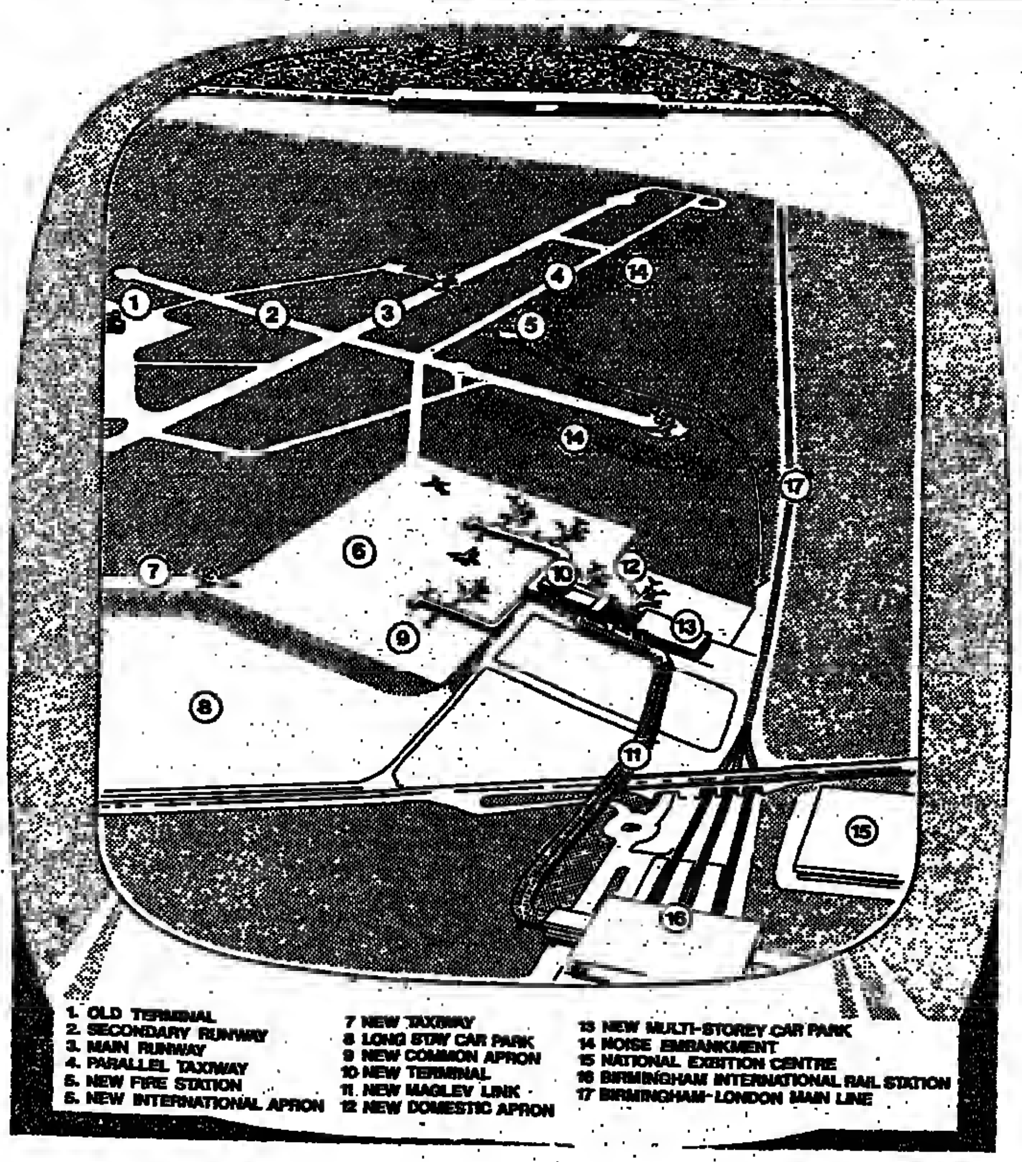
Full use has been made of innovations in energy management, including heat recovery from the air-conditioning system and thermal storage to help warm the building.

The county council stresses the attention given to the local environment: a special local act of parliament gave the anthority powers to make grants to householders most affected by noise and some £4.7m has been committed so far.

But the council maintains that extensive landscaping—including the building of earthwork sound barriers—coupled with a comprehensive system of noise management controls will give "one of the quietest environments around any major UK airport."

Birmingham's location at the centre of England makes it ideal to accept traffic diverted from other airports. The latest technology has been incorporated to ensure efficient aircraft handling. The approach lighting, radio and navigational aids have also all been upgraded.

Arthur Smith



£64m scheme operating

CONTINUED FROM PAGE 1

A major question for the longer-term future is likely to arise as to future ownership of the airport, if the Government's plan to abolish the Metropolitan County Councils is pressed ahead, involving abolition of the West Midlands County Council, which currently owns the airport.

This would necessitate divesting the WMCC of its ownership, and finding new owners and administrators. Several possibilities are already being considered, although no decisions are likely for some time, and will depend on the Government's own plans being pressed through to completion.

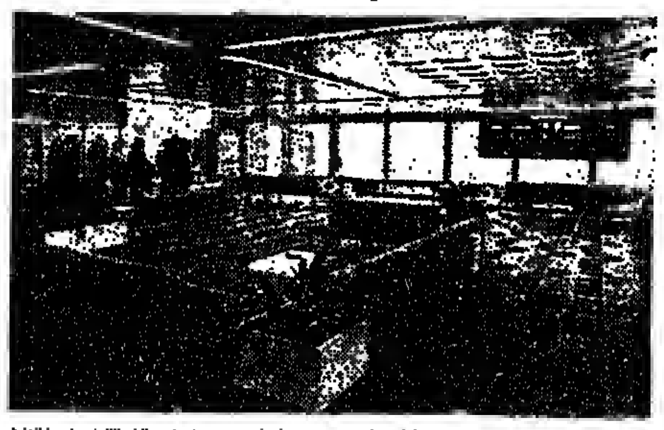
One is for the airport to be taken over by the British Airports Authority, which already owns and runs seven major UK airports, including Heathrow and Gatwick. This is not an option that finds much favour in the region. Another alternative would be to pass it over to the Birmingham City Council.

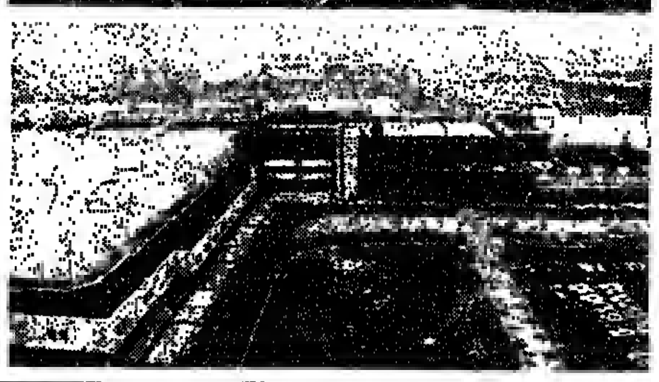
A third would be to set up a new Birmingham International Airport Authority, fully privatised with external shareholders and operated wholly as a commercial concern; while a fourth would be to establish the Airport Authority as a joint public and private body, with the local district councils having, say, a 49 per cent shareholding, and the remaining 51 per cent in the hands of institutional investors, such as major pension funds, with the airport being run strictly on commercial lines.

Clearly, there will have to be considerable discussion of all of these possible options, if the Government's own plans come to fruition.

The recent Birmingham development has shown that, regardless of what might happen in London and the South-East, it is possible to have faith in the future of one's own locality and to back it with large sums of money that are likely to yield handsome returns in the years ahead.

Above: Chief Fire Officer Warren Williams (centre) with some of his crews in front of the new fire station. Below: the new departure lounge; and (bottom) the terminal with its aircraft piers.





Maglev link a step into the future

BIRMINGHAM AIRPORT is claiming a first for Britain with its futuristic Maglev—magnetic levitation—system of transport. Other nations, particularly Japan, the U.S. and West Germany, are experimenting with the idea, but Birmingham claims to be the first to put it into commercial operation.

The system is designed to incorporate the simplicity of operation, safety and reliability of a modern lift. The three Maglev carriages, powered by their linear induction motors, are just 6 metres long and 2.2 metres wide. They appear to float on air as they are propelled along their tracks on the 600-metre fast link between the airport terminal, the main line railway station and the National Exhibition Centre. The inconvenience to passengers and effort of transfer to and from buses is thus completely eliminated.

The carriages, built in Birmingham by Metro-Cammell, can each carry up to 32 passengers with luggage. The journey, with the cars travelling up to 30 miles an hour, takes just 90 secs. The service will operate either to a fixed schedule or according to passenger demand but the longest wait for a car will be about two minutes.

Each car carries the equipment necessary to produce and control magnetic field forces which can lift it by 30mm above the track, propel it at the required speed and safely bring it to a halt. The great advantage claimed for the system is the reduction in maintenance costs: there is no mechanical contact between the vehicle and the track, no moving parts requiring regular attention, and no components that rely on friction to operate properly.

Mr Stuart MacArthur, Maglev project manager, says the system was selected in 1981 because of "the minimum overall cost, superior reliability, total safety and high performance compared with other vehicle-on-wheels transport systems."

Mr MacArthur maintains that it was undoubtedly a brave decision by West Midlands county council to adopt Maglev technology for the transit link. The system was not only high technology but to some extent unproven with no record of successful public service.

An analysis of the internal transport requirements at the airport concluded that an automatic, small, vehicle-based system was likely to offer the necessary combination of high quality, flexibility and economy of operation. The only system then available to meet the county council's requirements "off the shelf" and with proven public service performance was the transit expressway using wheels and offered by Westinghouse, of the U.S.

Mr MacArthur says: "Other possible contenders could be identified, but all had weaknesses stemming either from their completely unproven technology or their lack of in-service experience."

The main reasons for choosing Maglev were technical but another important factor was the desire to buy British. Mr MacArthur points to the commitment of the county council to support UK industry: "There was a genuine feeling that this prime exhibition site in Western Europe had to be put to good practical use in the promotion of the capabilities of UK engineering companies, many of which are based in the West Midlands."

Seconded

Mr MacArthur, himself a British Rail engineer, was seconded to pursue the project, first to GEC and now to the county council. He draws attention to the important work done by BR in the early 1970s under a Department of Transport contract.

A test vehicle built at the Railway Technical Centre, Derby, had been operating for several years so that a realistic appraisal could be made of Maglev technology under operational conditions.

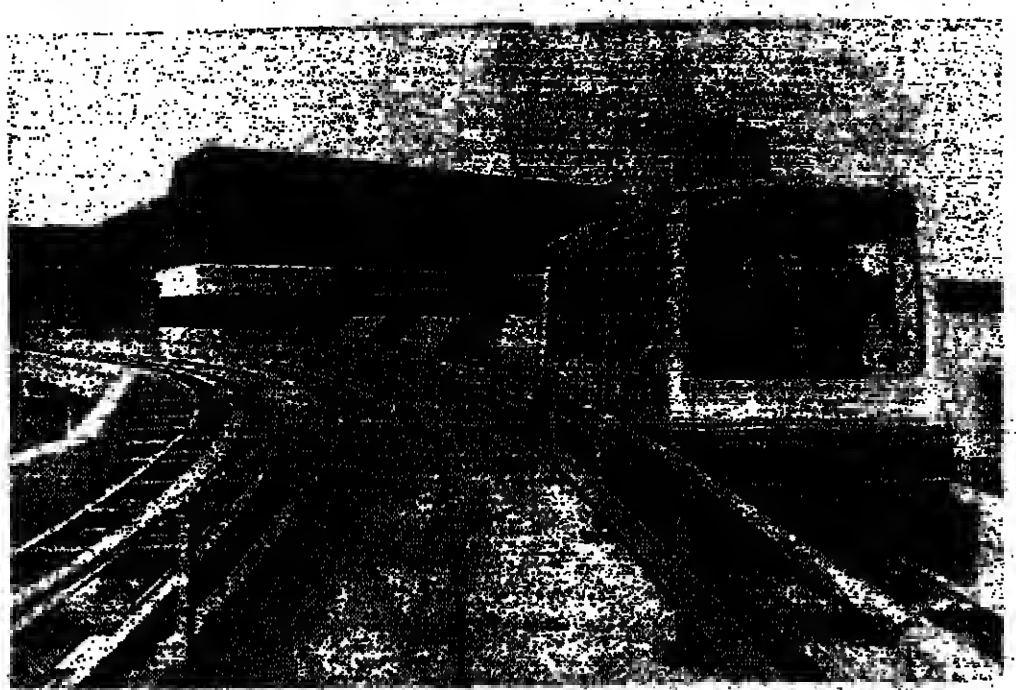
"There is no doubt that the Derby vehicle demonstrated the remarkable reliability of a suspension system utilising magnets rather than more traditional components. This was also true of the linear motor drive which replaced the traditional rotary electric motors for traction purposes."

Because the track design was already well proven at Derby, the construction programme could be undertaken fairly quickly — an important factor if the transit system was to be ready in time.

Mr MacArthur reports: "Birmingham's Maglev was deliberately pursued as a minimum risk venture for public service operation and as a matter of policy the introduction into the design of any component or technique which had not been proven on the Derby vehicle was strongly resisted by the design team.

"Sometimes this resulted in a less-than-optimum design, but it was accepted that this was the price to be paid for being first into public service."

The use of conventional materials and proven technology both ensured availability and held down costs. All the electrical electro-mechanical and electronic components have already been tested in demanding industrial applications.



Test run of the Maglev system and (below) Stuart MacArthur, project manager. The Birmingham design combines conventional materials and well-tried techniques with the latest electronic technology. Publicity about the project has brought inquiries from all over the world

Nevertheless the latest electrical and electronic technology has been utilised to incorporate into the design many self-checking and diagnostic features that minimise fault-finding and repair requirements.

To build the system the county council, backed by central government, entered into a partnership with British Rail and a consortium of private sector companies called the People Mover Group. Members of the group are: Balfour Power Construction, Brush Electrical Machines, Metro-Cammell [illegible] four GEC [illegible] fiers, Transportation Projects, General Signal and Witton K. Kramer.

Most of the £4m to £5m cost of the Maglev will be shared fairly equally between the county council and the People Mover Group. The project has not been without its teething problems and there was uncertainty about whether the system would be in full operation in time for the opening of the airport.

Monitor

Mr MacArthur insists that it has just been a question of "getting the bugs sorted out." He argues that the timescale for the project of little over three years was always tight. Unless problems were encountered the new system could hardly be seen as a development. It will, in fact, take another few weeks for the system to go into service, while modifications are made to emergency stop components.

"Problems for the engineer are an everyday fact of life—capable of a technical solution given the resources and a lot of hard work."

The high level of automation means the cars are driverless and require a minimum of supervision — the complete operation can be monitored and controlled from the centre using closed-circuit television and two-way voice communication to platforms and vehicles.

The publicity surrounding the Maglev project has brought inquiries about the system flooding in from around the world, particularly from Japan, the U.S. and the Middle East.

The potential for future development of Maglev remains great. Because of the constraints on time and money, the decision was taken early in the Birmingham project to limit as far as possible any moves away from what had been demonstrated to work at Derby.

The lead time for the use of such systems at an airport could be as long as 15 years but there are numerous other potential applications, whether at railway stations, seaports or retail sports and conference centres.

One obvious advantage of the system is the low noise level which will enable it to operate in areas where more traditional public service vehicles might not be acceptable. In the longer term, at Birmingham, for example, the system could be extended through the National Exhibition centre itself.

The key to market success of the Birmingham Maglev clearly will be its operating performance in the coming months.

But the engineers expect to see three areas in which the Maglev will demonstrate its superiority over conventional transport systems: reliability, power consumption and low maintenance costs.

Mr MacArthur is under no illusions about the nature of the challenge: "Both in a general sense, and in particular at Birmingham, Maglev technology must demonstrate that it can deliver the promises of the sales brochure."

Arthur Smith

PROFILE: BIRMINGHAM EXECUTIVE AIRWAYS

Seeking more routes

BIRMINGHAM Executive Airways based at Birmingham International Airport was launched little more than a year ago. Already it is seeking new capital and more routes.

The airline, formed with the aim of meeting the requirements of West Midlands businessmen for "more direct access into Europe without the problems associated with Heathrow," believes the new airport terminal will contribute to growth.

Mr David Lynch, the finance director, argues: "Birmingham, with its good road and rail links, if properly marketed, should become the third London airport."

Birmingham Executive already sells itself as far south as Gloucester, across to Northampton and north to Telford and Stoke. The argument is simple: that it may be quicker and more comfortable to fly direct on Birmingham Executive services to Zurich, Milan and Copenhagen (connecting to other European routes where applicable) than to travel first to Heathrow.

The man behind the enterprise is Capt. Trefor Jones, 38, a former captain with British Midlands Airways. He joined Alidair, which operates from East Midlands Airport, as chief pilot in 1972 and quickly became a director.

He left to set up his own company in the belief that the important market was the full fare business traveller. "Which airline puts the Birmingham businessman above everyone else?" asks one of his publicity brochures.

Opportunity

The opportunity came with the decision of British Airways to cease operations out of Birmingham on its Milan, Zurich and Copenhagen routes. These services, using medium-sized airliners such as the BAC1-11 and DC-9, were not economic. Not only were about half the seats empty, but passengers were often not paying the full fare.

Mr Jones sought an aircraft to suit the market and acquired three British Aerospace Jetstream 31 twin-turbo-props, which each seat 18.

The Civil Aviation Authority has just given approval for Birmingham Executive to start a new service to Geneva from Monday. From the end of May, a 24-seat Gulfstream will be added to the fleet.

From that date Birmingham Executive will be using four aircraft to provide twice-daily flights to Copenhagen, Zurich and Geneva; a once-a-day service to Milan and—under contract to British Airways — a regular service to Aberdeen and Glasgow.

Applications have also been lodged with the CAA to start a service to Stuttgart in September and to Stockholm in November. Beyond that, Birmingham Executive plans to acquire a second Gulfstream next spring so that it can offer a twice-daily service on the popular Milan route.

The Civilian Aviation Authority, before issuing licences on the two new planned routes, has insisted that Birmingham Executive expand its equity capital by about £500,000.

In the event, the company could finish with nearer £900,000. The institutions have already subscribed £275,000 by buying 137,500 new shares at £2 each; another 212,500 shares, at £2.25, are now on offer, with the potential for a further 100,000.

The airline in its original prospectus forecast that in 1984-85, the second full year of operations, there would be a pre-tax profit of £101,000 on total sales of £3.4m. The proposed further expansion has deferred that profit projection and a surplus of about £211,000 is now forecast for next year.

Mr Lynch points out that the new equity will make the company's finances strong. He argues that the Civil Aviation Authority would have to take notice of Birmingham Executive should any more British Airways routes come up for offer: "We are very keen to build a company with a good base. We also hope to be in the right place at the right time if new routes come up."

Arthur Smith

Capt. Trefor Jones poses with one of the airline's Jetstream turbo-props. A Gulfstream joins the fleet in May.

Shake-up in British Airways service

THE BRITISH AIRWAYS operation at Birmingham International Airport is a classic example of how by dedication, teamwork and flexible labour and management attitudes, a loss-making operation can be turned into profits.

Little more than two years ago, the State airline's Birmingham operations were incurring losses of about £3m a year, and the prospect was gloomy. However, after an intensive in-house staff/management study, a report calling for major changes in the operation was produced for the BA top management—which was itself undergoing radical changes at that time with many new faces being introduced.

The report was accepted, and Capt Rod Clarke, a long-service pilot with the airline who had produced the original report, was asked in late 1982 to take on the task of pulling the Birmingham operations back to profit, if possible.

The task was tackled vigorously through 1983, by Capt Clarke and his team of about 170 ground personnel—with about the same number of aircrew attached to the airport. A major marketing campaign was initiated; a new network of services was set up paying special attention to the specific demands of the local community; and close relations with the community were established in all walks of life.

Capt Clarke's belief is that the success of the entire operation has depended, and will continue to depend, on giving people in the Midlands what they want.

It is a sizeable community—8m in the overall Midlands catchment area, of whom 5½m live or work within one hour's drive from the airport—and it is an articulate one. From the moment businessmen in the area realised that BA itself meant business, they gave Capt Clarke their support—and their views.

As a result of implementing many of those ideas, BA has turned the corner in the financial year now closing, and when the figures are finally available they are expected to show a profit for the Birmingham operations of perhaps as much as £1m.

Traffic continues to grow. BA currently handles about 400,000 passengers a year at the airport out of the total of about 1.6m, and it is the biggest single operator there, with a fleet of five One-Eleven twin-engined jets located on-station, and three more available from the overall BA fleet if required.

Rationale

Capt Clarke also has access to the Boeing 757 if demand justifies it, but as he points out: "We would have to produce the appropriate volume of business: we would have to make it pay."

Ensuring that BA's Birmingham operations remain profitable is the rationale behind the network of operations now created. The One-Eleven flights are carefully structured on the "hub and spoke" system so that early every morning there is a pattern of outward services to other UK destinations—such as Aberdeen, Belfast, Glasgow and Edinburgh, turning round immediately to give early return flights back to Birmingham.

The aircraft then make other out-and-return flights to other destinations, including foreign cities such as Amsterdam, Dusseldorf, Paris and Frankfurt, before making evening out-and-return flights again linking Birmingham with the UK cities.

Timings are arranged so that connections with either BA flights or those of other airlines on the Continent can provida fast links to a wide range of other European cities. The result is that businessmen can travel out early in the morning, and be back home for dinner.

In this way, BA out of Birmingham can provide, either by direct links or by interlinking with its own or other airlines' operations, services to over 30 UK and foreign major cities, and it is making more than 160 scheduled flights a week to and from Birmingham. Many of these operations are on weekdays, specifically tailored to meet the demands of the business market.

At week-ends, when business demand is slacker (although it is growing), the aircraft are fully employed on charter operations, mostly international, for which demand is also growing.

Competition is, of course, tough, and is also expanding, especially from UK independent scheduled airlines, and it is thought likely that with the introduction of the new airport facilities, more foreign scheduled operators will be interested in operating into and out of Birmingham.

One of the problems, however, is finding routes where there is sufficient traffic to justify using a twin-engined jet airliner. At present, many of the routes with lower traffic densities are served by smaller types of aircraft — Birmingham Executive Airways, for example, uses twin turbo-prop 19-seat Jetstream 31s — but as traffic grows, these perhaps could be replaced with larger types, until eventually traffic densities justify a jet.

The more immediate objectives are to consolidate the position established, and expand only where traffic studies indicate that a market is sufficient to justify the use of the One-Eleven. Several foreign cities are currently being looked at, and it is likely that new services will emerge in the year ahead.

Michael Donne

Operators switch gear

NATIONAL AND international airlines and travel operators using the airport expect to benefit considerably from its improved facilities, mainly through increased passenger traffic and the ability to introduce new aircraft.

Air India, which operates two services a week to and from Bombay via Moscow, Amritsar and Delhi, is to phase out the Boeing 707s now being used on the route and introduce the new Boeing 767 early next year.

The airline, one of the largest long-haul operators using the airport, has seen a steady increase in traffic since the service was introduced in early 1982, and a high proportion of the 144 seats available on each flight are now occupied on outward and return journeys.

The service was introdnced with the intention of attracting Indian passengers travelling between Birmingham, wbere there is a large Indian community, and the Punjab in North India, and this aim has succeeded. The service to Moscow is used mainly by tourists.

With the introduction of the 767, seat capacity will be increased to about 250, which is expected to be about right for the anticipated increase in volume by the end of the year.

The airline regards the 767 as perfectly suited to the route in terms of range and loed, since the Boeing 747's capacity is too great for the traffic, while the Airbus which Air India also operates does not have the range for the 5½-hour flight from Moscow to Amritsar.

NLM, a subsidiary of KLM of the Netherlands, has been operating a service out of Birmingbam to Amsterdam for the past five years, using Fokker Friendship aircraft during the winter, and is now introducing the larger-capacity Fokker Fellowship during the summer months.

The majority ef traffic has been for connections with international flights to and from Schipol Airport, Amsterdam, which continues to be promoted as "Britain's third airport" because of its proximity to the UK and its wide range of international flights. Birmingham's National Exhibition Centre, adjecent to the airport, is also attracting an increasing amount of traffic from the Netherlands.

KLM believes that the improved passenger facilities at Birmingham will have a considerable impact on the number of passengers it carries, and is likely to promote its daily service eccordingly.

Aer Lingus, which offers twice-daily flights to Dublin with connections to Boston and New York, has established itself at Birmingham mainly as a result of VFR (visiting friends and relations) traffic, and has seen British Midland Airways and Avair end their services to Dublin from the East Midlands, leaving the route solely to Aer Lingus.

Optimistic

Mr Frank Phillips, Aer Lingus district sales manager, said that traffic had increased substantially in the past six months and was optimistic that the service would now attract more passengers who would otherwise have travelled through Heathrow or Manchester.

British Midland Airways, which was recently licensed to operate a service between Birmingbam and New York, is one of the largest users of Birmingbam's airport and also operates Midland Airport Services, handling egents for a number of smaller airlines and travel companies.

Its busiest service is to and from Heathrow Airport, operating five times a day on weekdays and three times daily at weekends. Having won this route from British Airways, British Midland has proved it can be profitable by using 36-seat Short SD 360 aircraft, which are generally flown almost full.

It is estimated that about 90 per cent of these passengers ere flying to or from connecting flights at Heathrow.

Twice-daily flights to Brussels on weekdays are operated in coojunction with Sabena of Belgium, providing businessmen with the ability to spend an almost full working day in Brussels, while e fair proportion of inward traffic is for the National Exhibition Centre.

British Midland also offers services to the Channel Islands, wbich increase in freqnency during the summer to deal with bolidey travel, and it operates 211-seat Boeing 707s to numerous boliday resorts in the Mediterranean area and further afield during the holiday season.

Horizon Travel and its wbolly-owned airline Orion, which are the local market leaders for inclusive holiday travel and one of the largest UK companies of its kind, also stand to benefit very considerably from the new airport and the publicity whicb bas surrounded it.

Horizon, like regular airilnes, believes that Birmingham will now attract an increasing amount of "marginal" traffic, from areas lying in between London, Manchester and other centres wbere it is as easy to fly from Birmingham.

Setback for small users

WHILE MOST major airlines using the new airport are likely to benefit directly from the improvements, business aviation operators and small users are generally less satisfied.

The General Aviation User's Association, which represents this gronp, has been pressing for improved operating conditions for some time and claims that very little has been done despite promises.

A spokesman said: "Almost all the major airports in Europe, which we use, have a separate building or part of another building for business evietion, and we had hoped that the old passenger terminal at Birmingham would be devoted to it."

That had not come about and passengers on executive jets and other light aircraft would bave to use the immigration, customs and other facilities at the main terminal. The size of the terminal meant that delays would be inevitable.

Mr Bob Taylor, airport director, says: "It is our intention to use part of the old terminal for this purpose but our priority has been to open the new terminal."

It was also a matter of persuading customs and immigration officials thet there was likely to be sufficient volume of general aviation traffic to justify their staffing the old terminal, be said.

There are five small aircraft operating companies et the airport: Elmdon Avietion, Central Air Service, GKN Aviation, Birmingham Avietion and Birmingham Aero Centre.

Elmdon Aviaticn operates three aircraft on bebalf of the companies wbicb own them, flying their employees as required, but also bires them out to other companies. The company reports a steady increase in traffic since September last year.

Lorne Barling

Wm Morrison moves ahead to £10m

WITH AN increase in sales, excluding VAT, of £46.44m to £270.43m at Wm Morrison Supermarkets, pre-tax profits have risen from £5.86m to £9.99m for the year to January 28 1984. The net final dividend has been raised from 1.15p to 1.3p which lifts the total from 1.6p to 1.8p.

Earnings per 10p share moved up from 9.01p to 12.74p.

At the halfway stage, when profits had risen from £3.66m to £4.25m, the directors pointed out that a 17 per cent increase in sales then was largely attributable to new stores.

Commenting on the year, the directors say that heavy capital expense was incurred in opening new stores at Heywood and Wakefield, as well as the cost of reorganisation or extension of stores at Keighley, Southport, Eccles and Gainsborough.

Further substantial costs were met on developments at Grantham and Sheffield both of which were completed and opened shortly after the year end.

Pre-tax profits were struck after a credit of £2.45m for change in stocks (debt £2.15m) and other operating income up from £702,000 to £1.23m. Profits at the operating level improved from £8.48m to £10.05m to which associates added £46,000 (£30,000), other income £44,000 (£437,000) and interest took more at £148,000 (£85,000).

Operating profits were arrived at after charging £231.71m (£187.45m) for raw materials and consumables, £19.71m (£16.17m) in staff costs, and £2.77m (£2.31m) for depreciation. Other operating charges rose to £9.9m (£8.14m).

Tax charges were lower at £4.11m against £4.7m.

● comment

Morrison managed to keep sales volume moving up last year, but only at the sacrifice of gross margins. Sainsbury appeared in Morrison's West Yorkshire stronghold for the first time and Asda are hotting up the competition, too. Of Morrison's 20 per cent sales gain roughly 6 per cent came from inflation, 4 per cent growth in existing stores and 10 per cent from new ones. Sales area effectively rose by a quarter during the 12 months. This year the pace will slacken with only two extra stores, both already open. The balance-sheet stays strong, fortunately. A £16m capital spend caused only a £1m rise in debt to £5m. And the tax charge fell from 53 per cent to 41 per cent—the main spur to earnings growth of 41 per cent. Profits included a £400,000 gain on fixed asset sales—a rather cheeky move given that such profits have been insignificant in the past. Estimates for the current year have been cut back and now £11½m looks top whack giving a prospective p/e ratio of 14.2. The shares lost 6p to 210p yesterday and look like falling further.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim: Scottish Metropolitan Property.

Finals: Dinkie Heel, Exeter Building and Construction, Finlay Packaging, Lyle Shipping, North British Canadian Investment, H. and J. Quick, Sharpe-ware, Thurgar Bardex, Yorkshire Chemicals.

FUTURE DATES

Interims—	
Highland Electronics	Apr 17
Lowland Investment	Apr 27
Wade Potteries	Apr 11
Finals—	
Beaulord	Apr 12
Bessa Massimi Pollitt	Apr 10
British Dredging	Apr 10
De Vere Hotels & Restaurants	Apr 12
Goal Petroleum	Apr 13
Jersey General Invest. Trust	May 23
Lamont	Apr 18
Menzies (John)	Apr 30
Microlease	Apr 16
Northern Engineering Industs.	Apr 17
Portals	Apr 12
Ruberoid	Apr 12
Wadkin	Apr 18
Ward White	May 10

Optimism at Baird as profits surge £1.7m

DESPITE trading conditions remaining highly competitive William Baird made encouraging progress in 1983 with both turnover and profits reaching record levels.

The current year should see further progress although market conditions are still difficult.

On the back of a £10m rise in turnover to £195.44m profits before tax rose from £8.8m to £10.49m and a bigger-than-forecast final dividend of 9.45p raises the net total by 1.4p to 15.75p per £1 share—a final of not less than 8.75p (same) was foreshadowed in the interim statement.

Earnings for the full year emerged 4p higher at 38.9p per share and net assets attributable to the ordinary shares at December 31 amounted to £53m (£51m), equivalent to 283p (273p). The 1983 figure was after providing for the remaining deferred payment of some £2m to the vendors of Dannimac.

At Baird Textiles turnover was static at £130.92m but operating profits moved ahead to £8.36m (£7.59m). The UK manufacturing companies performed well in highly competitive conditions.

The results of rationalisation and capital investment in previous years allowed profits to be earned with only minimal price increases and progress should continue during the current year.

Dannimac, in particular, continued to perform well, maintaining its position as the leading brand manufacturer of ladies' outerwear.

Overseas manufacturing had a difficult year, with the fall in the value of sterling affecting both volume and margin. This situation has now stabilised to some extent and the prospects for 1984 look "more encouraging."

Capital investment is continuing at a high level and the directors report that during 1984 and 1985 substantial investment will take place, particularly in Scotland and in Northern Ireland.

Increasing emphasis is being placed on design and development and with the increased facilities now planned, the output of the engineered factories can be adapted to the changing requirements of the consumers.

Turnover at Darchem rose to £64.52m (£54.65m) and operating profits to £3.25m (£2.53m). Activity on contracts for the thermal shield of the British Advanced Gas Cooled Reactors reached high levels both in manufacture and site erection in 1983.

The directors say the satisfactory carrying out of these contracts is of prime significance at this time. Progress has been made towards the development of future activities to utilise the high standards of project control and quality required for this work.

The UK market for industrial insulation generally continued to decline. Significant recovery is not expected until the second half of the decade since it would depend on major new engineering construction projects.

There was continued progress in the marketing of new products and systems and the company's exports of insulation products increased.

The continuing advance of Micropore International, a related company, was a significant factor in the increased profits of Darchem in 1983. The principal markets of Micropore are in space saving insulation for night storage heaters and in advanced designs of heating elements for electric cookers.

Improved trading results were achieved in the supply and hire of site plant and accommodation.

In engineering activities not associated with insulation there were signs, towards the end of the year, of somewhat stronger markets. While some projects which were expected to fall for deliveries from Darchem companies in 1984 have been postponed by several months, the general level of demand "is continuing to improve gradually."

It is pointed out that the profit increases by both Baird Textiles and Darchem has led to a further strengthening of the balance sheet.

Group pre-tax profits were struck after taking account of central administrative costs of £356,000 (£355,000) and interest charges which fell by £422,000 to £1.75m.

Tax took £3.16m (£2.24m) but minorities added £10,000 (£2,000) to leave the available surplus at £7.33m, compared with £6.57m, before deducting extraordinary charges of £409,000 (£5,000 credits).

The directors conclude by saying that the resources of management and capital are available for growth organically and by acquisition or partnership.

● comment

William Baird kept up the good work of surpassing market hopes with its 19 per cent profit rise. The textile side battled against difficult conditions, though selling 40 per cent of its output to Marks and Spencer does help. Dannimac, bought at the end of 1981, performed well enough to trigger the maximum £2m deferred payment under the terms of the deal. Darchem—which makes insulation for nuclear power stations to night storage heaters—saw the peak of the work on the AGRs at Heysham and Torness. But with nothing to replace that in coming years, unless Sizewell turns into an AGR, and the industrial outlook still bleak, Darchem will be standing still this year. Lower interest rates cut the return on Baird's cash mountain, now over £20m net—a third of the market value. Profits this year will show a duller gain to around £11½m. With a little help from a lower tax charge the prospective p/e ratio, with the shares 8p better at 323p, is around 7. The yield is 7.2 per cent. Fair value.

Dividend up 50% at Owners Abroad

INCLUDING seven months figures from the newly acquired Falcon Leisure Group, profits of Owners Abroad Group advanced from £2.51m to £3.75m in 1983. The dividend is raised from 0.5p to 0.75p net.

The group, which is a member of the USM, is in business as a holiday tour operator and airline seat broker. During a "difficult year" for the travel industry Owners Abroad (Wholesale) and Retail continued to thrive. Falcon and the Bena Travel Organisation have been successfully integrated within the group and have achieved expected profit levels.

Falcon achieved its threshold of profits for 1983 and additional consideration of £1m becomes payable. This will be settled by the issue of 2.68m shares (not ranking for the 1983 dividend) and £250,000 cash.

As a result of the growing use of credit cards for the purchase of Owners Abroad retail seats, centralised selling has substantially increased, and the group has closed 11 small retail outlets. This will give large overhead savings without any significant loss of business.

The expected boom in holiday travel for this year has not materialised, but the directors are "quietly confident" that 1984 will be another successful year.

In 1983 turnover shot up from £41.52m to £67.92m. After deferred tax £912,000 (£65,000) and current charge £1.1m) the net profit came out at £2.62m (£1.15m) for earnings of 5.43p (3.33p) per share. Last year there was also an extraordinary debit of £54,000.

Near £1m profit lift for Vosper

ALTHOUGH TURNOVER at Vosper has fallen by 14 per cent, from £30.49m to £26.13m, in the year ended October 31 1983, the profit shows an upsurge of 56 per cent, from £1.74m to £2.71m.

Compared with the forecast of a maintained final dividend, the rate is pushed up to 3.25p for a net total of 5.25p, against 5p. The group is engaged in shipbuilding, shiprepairing and engineering, and marine consultancy. It is a subsidiary of David Brown Holdings.

After tax of £1.37m (£126,000 credit) arising principally from overseas activities, the net profit came out at £1.35m (£1.86m) for earnings of 22.3p (30.8p) per share. There is also an extraordinary charge of £248,000 this time relating to costs of reorganisation in Vosper Hovermarine.

Shareholders' funds at the year end had shown an increase of 11.6 per cent to £19.2m.

Reporting on the nationalisation compensation the directors state that in January 1983 the European Commission of Human Rights declared admissible the company's application relating to the compensation paid for the capital of Vosper Thornycroft (UK) and Vosper Shiprepairers. The Commission has since further examined the case.

Since no friendly settlement has been reached with the UK Government, the Commission in its March 1984 session, adopted its confidential report.

The report will now be transmitted to the Committee of Ministers of the Council of Europe and in the following three months it will be open to the European Court of Human Rights.

If referred, the report will be made available to the company and to the public. At this stage in the proceedings it is not possible to predict the final outcome but Leading Counsel continues to advise that the merits of Vosper's case are strong.

● comment

From the investment angle, Vosper is still very much a special situation. The sharp upturn in profits — more than doubled in the second half — relates to a bunching of order completions in Singapore. Both in Singapore and the UK, present order books are still slender; it would seem that the markets for both UK hovercraft and Far Eastern patrol boats are subject to the depressed state of world shipbuilding, and the upturn is not yet in sight. But a good chunk of the Vosper share price—which gained 10p yesterday to 183p—relates to the progress of the European Court case on compensation for the nationalisation of Vosper's main shipbuilding interests in 1977. Tangible assets worth £25m at the time were requestered, for payment to date of £5.3m, and those assets have since apparently produced a total of £88m in pre-tax profits for British Shipbuilders. Given that Vosper's net assets at the latest balance sheet date total only £19.8m, any realistic compensation would obviously have a transforming effect; the likelihood of that, though, is still very unclear.

Provincial Insurance rises 31% to £7.34m

A PRE-TAX profit rise of almost one-third from £5.59m to £7.34m is reported by Provincial Insurance for 1983.

Underwriting losses fell marginally by £0.13m to £5.89m, while investment income rose nearly 6 per cent to £12.46m, the underlying growth rate being 3 per cent. Long-term profits rose from £120,000 to £800,000 and profits from non-underwriting subsidiaries increased to £1.32m (£531,000), as a result of the buoyant unit trust sales of Provincial and a full year's profit from the recently acquired Exeter Trust.

After-tax profits rose by nearly one-quarter to £4.5m, and earnings per share were higher at 47.15p (38.34p).

The dividend for 1983 is being increased by just over 10 per cent to 21.5p (19.5p) net with a final net payment of 12p.

General insurance premiums climbed by 9 per cent in sterling terms to £124.4m (£113.8m). The solvency margin at the end of the year was 110.5 per cent compared with 90.1 per cent a year previously.

Premium growth in the UK last year amounted to 8.7 per cent, despite the continuing fierce competition particularly for commercial and private motor business.

The UK motor account had a satisfactory result for the year, but premium rates are still inadequate especially since claim numbers are rising. The personal account benefited from last year's better weather, but commercial property and liability business still suffers from uneconomic premium rates.

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday April 6 1984

EEC set to withdraw gluten feed concessions, Page 42

WALL STREET

Haste to hoist prime depresses

THE SECOND round of increases in prime rates by the major U.S. banks had been widely expected on Wall Street, in view of the rise in the banks' source of funds over the past fortnight, *writes Terry Byland in New York.*

But the haste with which the leading names followed First National Bank of Chicago offset any benefits to the financial markets of a slight easing in the keenly watched federal funds rate in early trading.

Both the bond and stock sectors abandoned an attempt to move forward during early trading. Stocks continued to trade briskly but the credit markets remained cautious, ahead of the disclosure of the latest money supply statistics.

The closing report on Wall Street and updated U.S. market monitors were not available because of industrial action at the Financial Times' printers in Frankfurt.

By 3.30pm, the Dow Jones industrial average was 12.76 down at 1,135.76.

The debate over Federal Reserve policies held the attention of credit market specialists. While it seems clear that the Fed has tightened policy on bank reserves, it is also likely that technical factors, surrounding the flow of funds at the end of the tax year, have also influenced Fed policies.

The Fed announced $1.5bn in customer repurchases yesterday when the funds rate was already easier at 10⅜ per cent. But the credit market refused to see the move as anything other than technical help. "If the Fed wanted to send the market a message, it would make overnight repurchase arrangements," commented Mr Peter Canelo of Merrill Lynch.

The market specialists continued to try to estimate the Fed's new monitoring level for the funds rate – opinions ranged around 10¼ per cent and 10½ per cent.

Among the more active issues RCA, delayed at first by an imbalance of orders, traded at $34⅜, a gain of $1⅛ as the market awaited further news on the decision to bow out of the video disc business.

Carter Hawley Hale at $29 – just under the offer from The Limited of Ohio – added $¼ in brisk trading, with the arbitrageurs still hoping for a rival offer. Shell Oil at $57⅞ added $⅛.

The latest car sales statistics from the industry brought buyers in for General Motors, $⅛ up at $64⅛. But Chrysler, the only one of the Detroit majors to report lower sales for the latter half of March, dipped $⅝ to $23⅜ – unsettled slightly also by reports that trade union representation on the board will not continue after the impending retirement of the present incumbent.

The deepening worry over interest rates prevented any attempt by the stock market to move ahead. IBM set the pace with a dip of $⅝ to $110⅞, and was joined on the high technical stock sector by Texas Instruments, $1⅝ off at $132½, and Teledyne, $⅝ of at $164⅝.

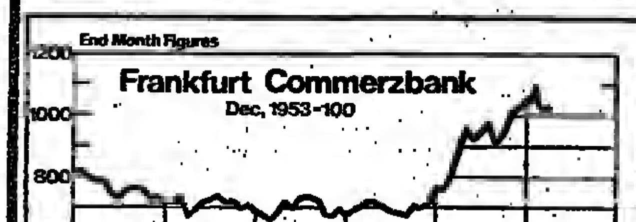
AT&T edged up $⅛ to $15⅞, and General Electric, $⅝ higher at $53⅜ and Taft Broadcasting, $1½ up at $60⅝ also moved against the trend.

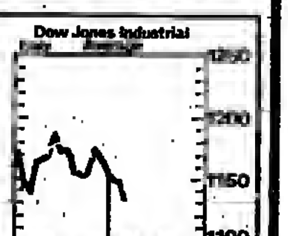
The federal funds rate eased after the Fed's customer repurchase help, but the rate of 10⁵/₁₆ per cent was little help to the credit markets which saw little retail interest.

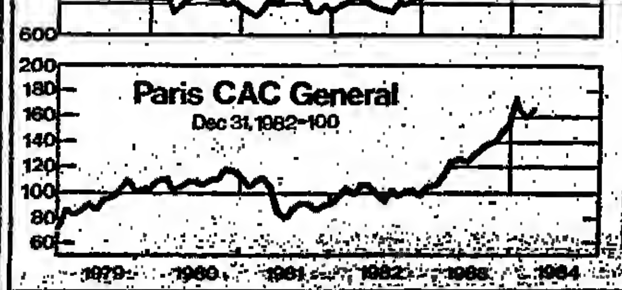
Money market rates were narrowly mixed, with three and six month Treasury bill discounts barely changed from overnight at 9.78 per cent and 9.94 per cent respectively.

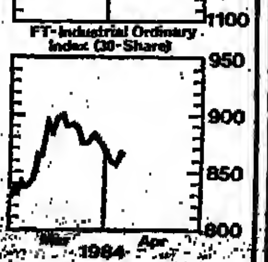
A scattering of small losses was recorded in the bond market. The key long bond opened a shade firmer but later eased to 94²¹/₃₂, a fall of ³/₃₂, to yield 12.64 per cent.

KEY MARKET MONITORS









STOCK MARKET INDICES

	April 5	Previous	Year ago
NEW YORK			
DJ Industrials	1135.78*	1148.56	1120.16
DJ Transport	486.52*	501.85	503.10
DJ Utilities	125.24*	126.11	124.68
S&P Composite	155.79*	158.11	151.89
LONDON			
FT Ind Ord	867.0	859.2	672.2
FT-SE 100	1102.2	1095.4	878.0
FT-A All-share	519.08	517.06	421.64
FT-A 500	560.49	557.74	459.14
FT Gold mines	655.4	638.7	602.6
FT-A Long gilt	10.12	10.15	10.42
TOKYO			
Nikkei-Dow	10992.93	11002.03	8420.34
Tokyo SE	866.93	870.24	610.59
AUSTRALIA			
All Ord.	755.5	751.2	515.7
Metals & Mins.	536.7	534.7	475.3
AUSTRIA			
Credit Aktien	54.97	55.22	52.89
BELGIUM			
Belgian SE	150.00	148.32	117.43
CANADA			
Toronto Composite	2336.7*	2347.9	2154.7
Montreal Industrials	421.88*	424.74	363.93
Combined	397.00*	399.41	358.39
DENMARK			
Copenhagen SE	n/a	182.69	131.92
FRANCE			
CAC Gen	167.6	164.5	115.7
Ind. Tendance	106.9	105.5	73.5
WEST GERMANY			
FAZ-Aktien	346.29	349.9	301.46
Commerzbank	1016.0	1025.9	909.3
HONG KONG			
Hang Seng	1083.67	1033.19	998.01
ITALY			
Banca Comm.	216.13	215.32	210.73
NETHERLANDS			
ANP-CBS Gen	162.6	162.6	127.4
ANP-CBS Ind	130.7	131.1	107.9
NORWAY			
Oslo SE	266.24	263.93	154.18
SINGAPORE			
Straits Times	994.44	981.76	858.08
SOUTH AFRICA			
Golds	n/a	992.5	759.5
Industrials	n/a	1052.5	834.8
SPAIN			
Madrid SE	116.3	117.6	113.36
SWEDEN			
J & P	1572.89	1575.15	1280.13
SWITZERLAND			
Swiss Bank Ind	371.5	369.0	314.5
WORLD	April 4	Prev	Year ago
Capital Int'l	187.7	187.7	166.1

GOLD (per ounce)

	April 5	Prev
London	$380.50	$381.75
Frankfurt	$381.25	$381.25
Zürich	$380.75	$382.00
Paris (fixing)	$382.11	$381.07
Luxembourg (fixing)	$381.90	$380.60
New York (April)	$378.50*	$382.10

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR April 5	U.S. DOLLAR Previous	STERLING April 5	STERLING Previous
$	–	–	1.434	1.433
DM	2.6165	2.6145	3.755	3.75
Yen	225.05	225.25	323	323.0
FFr	8.0525	8.045	11.545	11.525
SwFr	2.175	2.169	3.1225	3.11
Guilder	2.95	2.951	4.2325	4.23
Lira	1623	1620.5	2326.5	2321.5
BFr	53.5	53.52	76.7	76.7
C$	1.27825	1.28075	1.8325	1.834

INTEREST RATES

	April 5	Prev
Euro-currencies (3-month offered rate)		
£	8⅞	8¹³/₁₆
SwFr	3¹¹/₁₆	3¹¹/₁₆
DM	5¾	5¹³/₁₆
FFr	13⅞	13⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	11¹/₁₆	10
6-month U.S.$	11⁵/₁₆	11⅛
U.S. Fed Funds	10⅜*	10⅞
U.S. 3-month CDs	10.45*	10.55
U.S. 3-month T-bills	9.79*	9.75

U.S BONDS

	April 5* Price	April 5* Yield	Prev Price	Prev Yield
Treasury				
11⅛ 1986	99²¹/₃₂	11.70	99²¹/₃₂	11.70
12⅜ 1991	99⁹/₃₂	12.57	99⁹/₃₂	12.57
11.75 1993	95⁵/₃₂	12.64	95⁵/₃₂	12.64
12 2013	94²¹/₃₂	12.65	94²³/₃₂	12.65
Corporate				
AT & T				
10⅜ June 1990	90½	12.65	91	12.50
3⅞ July 1990	71	10.30	71	10.30
8⅝ May 2000	71⅞	13.05	71⅞	13.05
Xerox				
10⅞ March 1993	88	12.95	88⅝	12.85
Diamond Shamrock				
10⅜ May 1993	87⅛	13.10	87¼	13.05
Federated Dept Stores				
10⅜ May 2013	81	13.20	81¼	13.15
Abbot Lab				
11.80 Feb 2013	90	13.50	90	13.50
Alcoa				
12¼ Dec 2012	90¼	13.60	91	13.50

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	65–16	65–30	65–16	65–18
U.S. Treasury Bills (IMM) $1m points of 100%				
June	89.79	89.91	89.79	89.84
Certificates of Deposit (IMM) $1m points of 100%				
June	88.90	89.04	88.89	88.96
LONDON				
Three-month Eurodollar $1m points of 100%				
June	88.92	88.94	88.86	88.90
20-year Notional Gilt £50,000 32nds of 100%				
June	108–18	108–22	108–09	108–07

COMMODITIES

(London)	April 5	Prev
Silver (spot fixing)	652.50p	654.80p
Copper (cash)	£1080.00	£1094.00
Coffee (May)	£2081.50	£2061.50
Oil (spot Arabian light)	$28.40	$28.45

LONDON

Institutions trigger a rebound

TECHNICAL influences combined with more optimistic growth forecasts to take London shares higher as the FT Industrial Ordinary index rose 9.2 – its best daily gain in over two weeks – to 867.0 and the FT-SE 100 closed 8.6 up at 1,102.2.

Revived institutional interest spurred market professionals to buy blue chip industrials although sentiment was weakened later by the prime rate increases in the U.S., despite early firmness on Wall Street.

International Thomson secured one of the best rises of the day, a gain of 40p to 855p, while Cable & Wireless put on 12p to 362p. Tobacco group BAT improved 7p to 227p, while in stores Debenhams finished 6p higher at 186p.

The twin influences of slightly easier UK money market rates and a steadier pound drew investors to government stocks.

Long gilts recovered as much as ⅜ in places while shorts rallied more modestly.

Chief price changes, Page 36; Details, Page 37; Share information Service, Pages 38–39

HONG KONG

INSTITUTIONAL bargain hunting and short-covering fuelled a sharp recovery in Hong Kong, largely wiping out the losses incurred last week following the Jardine Matheson reincorporation move. The Hang Seng index surged 50.48 to 1,083.67 on moderately active turnover.

Banks benefited from the upturn with East Asia HK$1.40 higher at HK$24.90 and Hang Seng HK$1.75 stronger at HK$39.75.

Jardine Matheson and Hutchison Whampoa were each 50 cents improved at HK$11.10 and HK$17.70 respectively. Properties saw Cheung Kong put on 35 cents to HK$9.80 and Sun Hung Kai 20 cents to HK$7.20.

SINGAPORE

INTERMITTENT profit-taking failed to reverse sustained buying support and position covering in Singapore yesterday. The Straits Times index rose 5.24 to 994.44.

United Overseas Bank was 10 cents firmer at S$5.40, while Insurance Corporation gained a similar amount to S$7.25. Supreme Corp shed some of its recent strength with a 1 cent decline to S$2.02.

The most active stock of the session, General Corp with 1.1m shares traded, rose 8 cents to S$3.02.

AUSTRALIA

INDUSTRIAL blue chips were in strong demand in active Sydney trading stimulated partly by U.S. mutual fund buying. The All Ordinaries index finished 4.3 higher at 755.5.

BHP featured with a 20 cent rise to A$14.50 ex-rights, a high for the year, while metals were generally firmer as MIM gained 4 cents to A$3.58. Narrowly mixed hydrocarbon related issues saw Santos fall 4 cents to A$7.16 following its one-for-four rights issue and Weeks Petroleum put on 6 cents to A$8.10.

SOUTH AFRICA

THE SLIGHTLY firmer bullion price moved most Johannesburg gold shares higher ahead of today's market holiday.

Buffels and Free State Geduld each added R1 to R77 and R52.50 respectively. In other mines, De Beers put on 15 cents to R10 and Rustenburg Platinum 30 cents to R15.30.

Industrial leader Barlow Rand was 5 cents weaker at R14.10 in a broadly mixed sector.

CANADA

LARGE LOSSES developed in Toronto gold, oil and metal issues with papers, properties and media stocks offering the only cheer among the gloom.

A similar, if not as accentuated, retreat was staged in Montreal with banks and industrials leading the losers while papers and utilities curtailed their declines more easily.

TOKYO

New ground begins to be eroded

A WAVE of late selling of high-priced equities led the Tokyo market down yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Prices opened sharply higher on expectations of further advances, but began to lose ground at the end of the morning session. One analyst saw the market as preparing for a correction after a streak of increases.

The Nikkei-Dow market average, which gained 68.21 on Wednesday, put on a further 60.18 by 10am, but turned sharply down in later trading, ending the day at 10,992.93, down 9.10. Volume was estimated at 630.85m shares compared with the previous day's 611.68m. Losses outnumbered gains 393 to 332, with 151 issues unchanged.

The market was vigorous at the opening, with Honda Motor and other lagging automobiles sought and non-ferrous metals traded heavily. But small-lot selling of Fanuc, TDK and other high-priced issues dampened enthusiasm.

The major negative development of the day was a plunge by Computer Services, a venture business. It suffered a maximum allowable drop of Y1,000 to Y5,600 after reports that its recurring profit for the year to September would be Y1bn down on estimates, at Y5.6bn. The stock remained unquoted throughout the day in the absence of buyers.

Investors have generally disregarded such isolated negative factors over the past two weeks. But Computer Services' slide combined with the sharp price rises and swelling turnover forced investors to start pondering the fate of the market.

High-priced technology issues dropped sharply, with Fanuc shedding Y300 to Y9,550, Kyocera Y200 to Y6,600 and TDK Y180 to Y6,510.

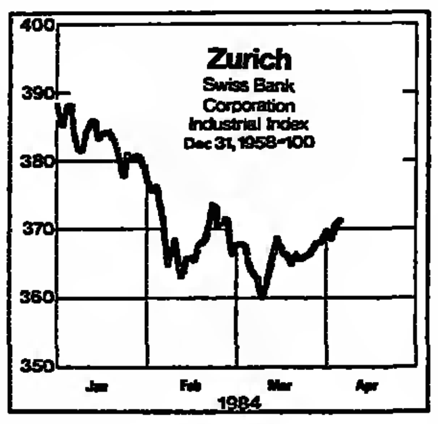
Non-ferrous metals seesawed on persistent rumours of gold finds. Nippon Mining advanced Y20 to Y520 after last week's announcement that it had struck gold in Hokkaido. Other non-ferrous metals were also traded heavily due to gold mining projects and diversification programmes, but mostly closed lower.

Marubeni, a major trading house, added Y29 to Y359 after revealing that its U.S. subsidiary would join a gold mining project in Alaska.

Car makers were hunted, as they were low-priced compared to other blue chips. Honda firmed Y50 to Y1,150, Nissan Y29 to Y706, Toyota Y10 to Y1,430 and Toyo Kogyo Y19 to Y500.

Fears about U.S. interest rates began to plague the bond market again, with financial institutions remaining on the sidelines.

The yield on the 7.5 per cent government bonds due January 1993 stayed almost flat at 7.21 per cent against the previous day's 7.22 per cent.



EUROPE

Direction difficult to derive

AHEAD of confirmation that European investors' fears over the course of U.S. interest rates were becoming a reality, bourse prices emerged from a patchy and thinly attended day little changed. Direction derived partly from the varying degrees of success experienced by governments in their dealings with national labour disputes, and partly from corporate profit performances.

Again buoying Brussels was the limited response to protest strikes against the imposition of an austerity regime, and the general index reached the 150 level with a 1.66 gain to establish the market as the only one on the continent currently at a peak.

The manufacturing side, particularly metals, led the way upward. Hoboken jumped BFr 130 to BFr 5,150 and Cockerill Sambre BFr 16 to BFr 275.

Amsterdam corporate results produced a Fl 3.50 advance in Fokker at Fl 58.50, a Fl 1.10 dip for Hoogovens at Fl 49.50 but no movement by Pakhoed at Fl 67.50.

A mainly lower outcome was resisted by Elsevier, which drew strong late demand to finish Fl 17 ahead at Fl 550. KLM, reacting further to the switch of a block of state-held preferred stock into ordinary shares, slipped Fl 2.20 to Fl 174.80.

Bonds managed to edge some 10 basis points higher.

Modest early Frankfurt firmness later fell away, and banks were uninspired by this week's cheer on the earnings and payout front. Deutsche Bank managed a DM 1.10 gain at DM 375.60 while Dresdner was unchanged at DM 173.50 and BHF eased DM 1 to DM 282.

Industrial conflict over the 35-hour week remained as a drab backdrop, and industrials showed KHD DM 3 down at DM 239.

Some late demand developed for bonds.

A positive Paris response to President François Mitterrand's firm stance on steel restructuring and pledge to strive for a competitive French industry brought widespread gains. Among these were 90 centimes for Creusot Loire at FFr 35 and FFr 16 for Roussel Uclaf at FFr 889.

Thin but firmer Milan trading reflected caution but little immediate distress at the lack of headway being made in talks on limiting wage indexation. Italmobiliare recovered a further L1,000 to L49,650. Bonds were narrowly easier.

A similarly quiet but confident Zurich result showed SwFr 10 gains for Nestlé at SwFr 5.010, Sandoz at SwFr 1,050 and Crédit Suisse at SwFr 2.230 as forecasts for the domestic economy remained bullish.

Domestic bonds eased where traded.

Activity was moderately active in Stockholm, where Ericsson moved SKr 5 upward to SKr 346, attributed to news of a large order in Australia and overnight U.S. buying, but the gain did not far outpace a generally stronger market.

Chemicals resisted Madrid weakness.

Prices at 3pm, April 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Prev. Close	Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Closing U.S. share prices were not available for today's edition because of industrial action at the Financial Times' printers in Frankfurt.

Continued on Page 35

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AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 5

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

X-Y-Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅛	39	Xerox	3	7.5	9	2101	40½	39¾	39⅞	−½
53⅝	47⅛	Xerox	pf5.45	12		70	47⅛	47¼	47¼	+⅛
37	21⅝	YTRA		2.7	12	154	24¼	24	24	−½
34	24	ZaleCp	1.26	4.8	10	17	26¼	26	26	−½
23⅝	15	Zapata	.84	3.8	11	1389	22⅛	21⅝	22	+½
52¼	31¼	Zayre	s.40b	1.2	10	545	35¼	32¼	34	−¼
38⅝	15½	ZenithR			12	441	27½	26⅞	26⅞	−⅛
27⅝	19¾	Zero	s.36	1.7	18	8	21⅛	20¾	21⅛	+¼
37¾	22½	Zurnin	1.32	5.9	10	90	23	d22	22¼	−⅝

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AUSTRIA

April. 5	Price Sch%	+ or —
Creditanstalt	215	—9
Goesser	325	+1
Interunfall	407	......
Laenderbank	912	......
Perlmooser	347	—1
Steyr-Daimler	150	—1
Veitscher Mag	215	—1

BELGIUM/LUXEMBOURG

April 5	Price Frs.	+ or —
ARBED	1,660	+60
Banq Int A Lux	4,230	......
Bekaert B	3,420	+50
Ciment CBR	2,225	+40
Cockerill	275	+16
Delhaize	5,020	......
EBES	2,600	+20
Electrobel	6,620	—100
Fabrique Nat	2,110	—40
GB Inno BM	3,200	+50
GBL (Brux)	2,450	+10
Gevaert	3,280	......
Hoboken	5,150	+130
Intercom	2,060	+40
Kredietbank	7,000	+50
Pan Hldgs	9,850	+50
Petrofina	7,400	+70
Royale Belge	8,300	—100
Soc. Gen. Banq	3,405	—10
Soc. Gen. Belge	1,845	+45
Sofina	5,760	+10
Solvay	4,065	+20
Traction El	3,500	+100
UCB	6,050	+120
Vieille Mont	4,390	+45

DENMARK

Apr. 5	Price Knr %	+ or —
Aarhus Olie	360	+35
Andelsbanken	238	—1
Baltic Skand	645	+10
CopHandelsbank	220	......
D. Sukkerfab	630	+5
Danske Bank	225xr	—1
East Asiatic	176	+1
Forenede Brygg.	885	......
Forenede Damp.	166	......
GNT Hldg	469	—6
I.S.S.B.	615	
Jyske Bank	455	
Novo Ind	2,350	
Privatbanken	242	
Provinsbanken	287	
Smidth (F)	249	
Sophus Berend	1,125	
Superfos	491	+8

FRANCE

April 5	Price Frs.	+ or —
[illegible]		

GERMANY

Apr. 5	Price Dm.	+ or —
AEG-Telef	95	—0.4
Allianz Vers	767	—3
BASF	153.5	+0.3
Bayer	158.5	+0.5
Bayer-Hypo	269	—1
Bayer-Verein	339	—1
BHF-Bank	282	—1
BMW	407	+1.6
Brown Boveri	215.5	+1.3
Commerzbank	175.7	—0.8
Cont'l. Gummi.	131.7	—0.6
Daimler-Benz	560	+4.5
Degussa	397	—2
Demag	146	......
D'sche Babcock	161.5	+3
Deutsche Bank	378.5	+1.1
Dresdner Bank	175.5	......
GHH	147	......
Hochtief	519	—1
Hoechst	173.3	—0.7
Hoesch Werke	116	+1
Holzmann (P)	425	—1
Horten	195	+1
Kali und Salz	199	—0.5
Karstadt	266	—1
Kaufhof	251.5	......
KHD	256	—3
Kloeckner	65	......
Krupp	80.5	+1.5
Linde	378	—1.4
Lufthansa	163.6	—0.2
MAN	149	—0.9
Mannesmann	141	+0.5
Mercedes Hld.	499.5	+1.3
Metallgesell.	937.5	—3.5
Muench Rueck	1,080	+10
Preussag	281	+1.5
Rhein West Elect	162.5	—0.8
Rosenthal	330	—3
Schering	356	—1
Siemens	395.5	+1.3
Thyssen	82	—0.2
Varta	173	+0.6
Veba	171.5	—0.5
V.E.W.	123.5	......
Verein-West	305	......
Volkswagen	213.2	+5

ITALY

Apr. 5	Price Lire	+ or —
Banca Com'le	34,650	+650
Bastogi-IRBS	161	+3
Centrale	1,925	+52.5
Credito Varesino	5,449	+5
Fiat	4,228	—5
Finsider	37	......
Generali Assicur	37,990	+440
Invest	3,390	+10
Italcementi	46,300	+10
Montedison	216.4	—1.6
Olivetti	6,450	+50
Pirelli Co	1,960	—10
Pirelli Spa	1,626	+15
Snia BPD	1,612	—8
Toro Assic.	12,600	......
do. Pref.	2,700	+25

NETHERLANDS

April 5	Price Fls	+ or —
[illegible]		

NORWAY

April. 5	Price Kroner	+ or —
Bergen Bank	157	+3
Borregaard	320	—15
Christiania Bk.	158.5	+4.5
Den Norsk Credit	157	+4
Elkem	169	......
Norsk Data	282	+4.5
Norsk Hydro	683	+5.5
Storebrand	230	—3

SPAIN

April. 5	Price Pta%	+ or —
Bco Bilbao	288	+1
Bco Central	327	—3
Bco Exterior	202	......
Bco Hispano	326	—1
Bco Santander	294	—1
Bco Vizcaya	377	—1
Dragados	148	+1
Hidrola	48.2	—0.5
Iberduero	84.5	—0.5
Petroleos	118	......
Telefonica	80.7	—0.6

SWEDEN

April 5	Price Kronor	+ or —
AGA	383	—2
Alfa-Laval	308	......
ASEA (Free)	370	......
Astra (Free)	540	—3
Atlas Copco	138	+1
Boliden	440	+7
Cardo (Free)	456	—5
Cellulosa	163	+5
Electrolux B	286	......
Ericsson	346	+5
Esselte	368	+1
Mo Och Domsjo	475	+6
Pharmacia	280	—9
Saab-Scania	403	+8
Sandvik	435	+16
Skandia	402	......
Skan Enskilda	349	......
SKF	217	+3
St. Kopparbergs	790	—1
Sven Handelsbn.	208	—1
Swedish Match	273	—2
Volvo B (Free)	488	+5

SWITZERLAND

April 5	Price Frs.	+ or —
Alusuisse	865	+6
Bank Leu	3,880	+6
Brown Boveri	1,515	+5
Ciba Geigy	2,270	+20
do. (Part Certs)	1,735	+10
Credit Suisse	2,930	+10
Elektrowatt	2,690	......
Fischer (Geo.)	690	+15
Genevoise	3,700	—50
[illegible]		

AUSTRALIA

Apr. 5	Price Aust. $	+ or —
[illegible]		

AUSTRALIA (continued)

Apr. 5	Price Aust. $	+ or —
Oen Prop Trust	1.96	......
Hardie (J.)	3.45	+0.05
Hartogen Energy	3.05	......
HeraldW'y Times	3.1	+0.05
ICI Aust	2.09	—0.01
Jimb'lana(50cFP)	0.31	+0.03
Kia Ora Gold	0.16	—0.01
Lend Lease	4.8	......
MIM	3.58	+0.04
Mayne Nickless	2.65	—0.03
Meekatharra	0.78	+0.03
Myer Emp	1.5	+0.05
Nat. Com. Bk.	3.58	+0.02
News	10.3	......
Nicholas Kiwi	2.86	......
North Bkn Hill	2.85	+0.05
Oakbridge	0.87	+0.01
Otter Expl	0.68	......
Pancont'l	1.36	+0.08
Pioneer Conc	1.55	+0.05
Reckitt & Coln	9.65	+0.05
Repco	1.1	......
Santos	7.16	—0.04
Smith (H.)	3.75	+0.05
Southland Min'g.	0.44	+0.01
Spargos Expl	0.39	—0.01
Thos. Nationwide	1.85	......
Tooth	5.22	+0.02
UMAL Cons	6.6	......
Vamgas	3.48	......
Western Mining	4.28	+0.03
Westpac	3.86	+0.04
Woodside Petrol.	1.06	+0.02
Woolworths	5.3	+0.02
Wormald Intl	3.05	—0.05

HONG KONG

Apr. 5	Price H.K. $	+ or —
Bank East Asia	24.9	+1.4
Cheung Kong	9.8	+0.55
China Light	12.9	+0.7
Hang Lung Devel	2.7	+0.25
Hang Seng Bank	39.75	+1.75
HK Electric	5.9	+0.15
HK Kowloon Wh.	4.97	+0.2
HK Land	3.6	+0.05
HK Shanghai Bk.	8.5	+0.4
HK Telephone	47.75	......
Hutchison Wpa	17.7	+0.6
Jardine Math.	11.1	+0.5
New World Dev.	3.65	+0.2
Orient O'seas	9.7	+0.1
O'seas Trust Bk.	5.5	+0.25
SHK Props	7.2	+0.2
Swire Pac A	18.7	+0.6
Wheel'k Mard A.	5.77	+0.15
Wheel'k M'time	2.3	+0.5
World Int. Hldgs	2.35	+0.18

JAPAN

April. 5	Price Yen	+ or —
Ajinomoto	1,100	—20
Alps Electric	2,510	—30
Amada	1,280	+10
Asahi Chem	488	+1
[illegible]		

JAPAN (continued)

April. 5	Price Yen	+ or —
MHI	249	—3
Mitsui Co	370	—7
Mitsui Estate	729	—10
Mitsukoshi	350	—5
NGK Insulators	764	+4
Nihon Cement	222	......
Nippon Denso	1,590	+30
Nippon Elect	1,440	—10
Nippon Express	313	+1
Nippon Gakki	630	—10
Nippon Kokan	146	......
Nippon Oil	1,220	+10
Nippon Seiko	630	—10
Nippon Shimpan	660	+15
Nippon Steel	180	......
Nippon Suisan	385	+2
NTV	15,700	—800
Nippon Yusen	268	......
Nissan Motor	706	+29
Nisshin Flour	451	+14
Nisshin Steel	207	—3
Nomura	910	—15
Olympus	950	—6
Omron Tateisi	2,350	......
Orient Leasing	3,900	+90
Pioneer	2,800	—60
Renown	679	......
Ricoh	1,090	—40
Sankyo	695	—18
Sanyo Elect	540	—7
Sapporo	420	+4
Sekisui Prefab	588	+4
Seven-Eleven	8,970	—20
Sharp	1,290	—10
Shimadzu	655	+8
Shionogi	631	+1
Shiseido	1,110	+40
Sony	3,650	+10
Stanley	780	—6
S'tomo Elect	935	—21
S'tomo Marine	537	—18
S'tomo Metal	168	—1
Taihei Dengyo	498	—1
Taisei Corp	323	—1
Taisho Pharm	995	—5
Takeda	725	+5
TDK	6,510	—180
Teijin	420	—10
Teikoku Oil	689	+11
Tokyo Marine	690	—17
TBS	870	—29
Tokyo Elect Pwr.	1,330	—30
Tokyo Gas	172	—1
Tokyo Sanyo	800	—20
Tokyo Style	792	+7
Tokyu Corp	393	—6
Toppan Print	773	—12
Toray	456	—1
Toshiba Elect	430	+1
TOTO	656	—7
Toyo Seikan	790	—10
Toyota Motor	1,450	+10
Victor	8,660	—30
Wacoal	758	+1
Yamaha	525	+20
Yamanouchi	1,340	......
Yamazaki	770	......
Yasuda Fire	566	—6
Yokogawa Bdge	440	+10

SINGAPORE

Apr. 5	Price $	+ or —
[illegible]		

SOUTH AFRICA

Apr. 5	Price Rand	+ or —
[illegible]		

OVER-THE-COUNTER

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Tr. 13% 2000/03	£128¼	+¾
Tr. 2 IL 1990	£89¾	+⅜
AB Electronic	325	+35
Automated Sec	155	+15
BAT Inds	227	+7
Bass	380	+12
Blockleys	395	+20
Brit Printing	169	+11
Cable & W	362	+12
Combined Eng. Strs	78	+5
Crystalate	280	+15
Debenhams	186	+8
Fleet Hldgs.	162	+8
Gestetner A n/v	98	+8
Grand Met	328	+8
Intl. Thomson	855	+40
LCP Hldgs.	89	+7
P&O Defd	300	+6
Rivlin (ID & S)	85	+9
SGB	155	+7
TI	284	+8
Vickers	158	+7
Wilson (Con)	197	+13
Bryson Oil & Gas	280	+25
Egl'ton Oil & Gas	91	+4
Floyd Oil	100	+10
Pict Pet	150	+15

FALLS

Hickson Intl	396	—7
Morrison (Wm)	210	—6
Oliver Prosp	115	—17

Continued on Page 44

CANADA

TORONTO

Prices at 2.30 pm April 5

Sales	Stock	High	Low	Close	Chng
[illegible]					

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]										

Indices

NEW YORK — DOW JONES

							1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
[illegible]										

STANDARD AND POORS

[illegible]										

N.Y.S.E. ALL COMMON

[illegible]				

RISES AND FALLS

[illegible]			

MONTREAL / TORONTO

[illegible]				

LONDON STOCK EXCHANGE

MARKET REPORT

Equities stage technical rally and index rebounds 9.2

Gilt-edged stocks also improve

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 26	Apr 5	Apr 6	Apr 16
Apr 9	Apr 26	Apr 27	May 8
Apr 30	May 10	May 11	May 21

* "New-time" dealings may take place from 9.30 are two business days earlier.

Leading equities rose sharply yesterday, pushing the FT Industrial Ordinary Share Index up 9.2 — its best daily gain since March 20 — to a close of 867.0. The recovery owed much to technical influences connected with the market's sustained fall from peak levels over the previous fortnight. But there were other stimulants including the City post-Budget forecast of further UK economic improvement with growth continuing into 1985.

Market professionals had for a while been anticipating a reversal of the downturn and took immediate remedial action following revived institutional inquiries early yesterday. They hurriedly closed short book positions and, in thin trading, leading shares jumped several pence which lifted the index 10 points at the first count of the day. With end-financial year tax considerations generally completed, some investors later began showing "new-time" buying interest for the extended trading Account starting on Monday.

The combined business was rarely in any volume, but dealers were careful not to take any chances with the market seemingly in much better fettle. Throughout the afternoon, blue chip industrials edged higher and at 3 pm the index was 11.4 higher. However, after-hours' news of the first Prime lending rate increase to 12 per cent brought values back, despite early firmness on Wall Street, and the index reacted from 869.2 to close at 867.0.

The twin influences of slightly easier UK money market rates and a steadier pound drew investors to Government stocks. Concern over short-term U.S. interest rates and the U.S. bond market cleared as investors committed funds to both conventional and index-linked Gilts. The Government broker again supplied stock of Treasury 2½ per cent 2020, this time at 89½, and then withdrew. Other index-linked issues moved up a maximum of ⅜ more, still on inflation hedging, while conventional longer-dated Gilts recovered as much as ⅜ in places. The shorts rallied more modestly, but Treasury 9½ per cent 1988 regained ¼ to 96¹¹⁄₁₆. First National of Chicago's prime rate hike of ½ to 12 per cent made scant impact on late sentiment.

CU revive

Commercial Union took a turn for the better, closing 4 higher at 220p, as bid hopes revived. Trade in other Composites was minimal. Sun Alliance cheapened ½ to 15 following comment on the results and share sub-division proposals. Elsewhere, Stewart Wrightson gained 5 to a new peak of 300p in response to satisfactory preliminary figures, while Willis Faber found support at 802p, up 7.

The major clearers passed a quietly firm session, with Lloyds 7 up at 620p and NatWest a few pence higher at 678p. Merchant banks were inclined harder in places. Old bid favourite Minster Assets added 4 at 143p.

The introduction of Commercial Bank of Wales saw the shares open at 120 and, in fairly brisk trading, move up to 128p prior to settling at 125p.

A revitalised Brewery sector was led higher by Bass, 12 better at 360p. Whitbread moved up 4 to 150p following reports that the group might acquire Henekeys Inns from Trusthouse Forte; THF closed 4 up at 223p. Scottish and Newcastle reflected bid speculation with a rise of 3½ to 116½p, while Arthur Guinness ended a similar amount better at 161p.

Leading Buildings attracted modest buying interest. BPB Industries rose 8 to 308p in a limited market and Tarmac hardened a couple of pence to 488p. Elsewhere, revived speculative demand lifted SGB 7 to 155p, but profit-taking clipped 3 from John Finlan, at 181p. Impressive annual figures left Blockleys 20 higher at 395p, while the increased profits and dividend prompted a gain of 13 to a 1983-84 peak of 197p in Wilson (Connolly). British Dredging improved 3 to 66p; the preliminary results are due on April 10.

Interest in ICI remained at a low ebb and the price moved narrowly before settling a couple of pence off at 598p. On a brighter note, Laporte attracted revived demand and rose 10 to 368p, while Brent Chemical International improved 4 to 100p. Coates Brothers continued to respond to the annual results with the Ordinary 5 higher at 105p and the A 6 to the good at 103p. Hickson International, a rising market ahead of the preliminary results, touched 410p on the announcement before reacting on profit-taking to close 7 cheaper on balance at 396p. Elsewhere, Biomechanics gained 9 to 47p on the directors' confident statement about future prospects.

Buyers returned to the Stores sector, encouraged by a broker's favourable review. Marks and Spencer firmed 3 to 261p as did British Home, to 230p, while Habitat gained 4 to 318p. Still reflecting the trading link with Harris Queensway, Debenhams advanced 8 to 186p; HQ closed similarly better at 396p. Elsewhere, L. D. and S. Rivlin jumped 9 to 85p following revived speculative support. Combined English were 5 better at 78p for the same reason. Ladies' Pride Outerwear moved up 4 to 49p on bid hopes and French Connection appreciated 15 to 290p, after 300p, the latter in a thin market.

AB Elect. surge

Leading Electricals fluctuated narrowly before closing a few pence better on balance. Elsewhere, AB Electronic jumped 35 to 525p, with the new nil-paid shares spurting 32 to 125p premium. Buying interest revived in Crystalate, up 15 at 280p, on revived hopes of the possible sale of its fine china interests. Logica were noteworthy for a rise of 12 to 387p, while Cable and Wireless improved a like amount to 362p helped by the sharp improvement in Hong Kong stocks. In contrast, DJ Security Alarms eased 3 more to 100p following termination of recent bid discussions.

Leading Engineers took a distinct turn for the better as buyers showed occasional interest. TI were noteworthy for a gain of 8 to 264p, while renewed support in a market none too well supplied with stock left Vickers up 7 more at 158p. GKN, 202p, and Hawker, 408p, improved 6 and 4 respectively. Comment on the preliminary results directed fresh buying attention to Spirax-Sarco, which gained 13 further to 189p. Glynwed touched 171p on the annual figures before profit-taking prompted a reaction to 161p, only 2 up on balance. Also reflecting trading news, Vosper rose 6 to 173p. Buyers appeared for Babcock after the recent setback and the close was 7 up at 167p.

The underlying tone in Foods improved, but prices were slow to respond. Tate and Lyle hardened 5 to 415p and Northern Foods added a couple of pence at 198p. Outside of the leaders, William Morrison shed 6 to 210p on disappointment with the annual results.

Leading Hotels and Caterers took a firmer line. Grand Metropolitan rose 8 to 328p and Ladbroke hardened 3 to 232p. Elsewhere, Epicure put on 3 to 38½p following a newsletter recommendation.

AB ports down

Apart from gains of 10 in Metal Box, 352p, and Glaxo, 825p, rises in miscellaneous industrials leaders were limited to a few pence. Associated British Ports featured contrastingly with a fall of 17 to 278p, after 274p, the effects of the good preliminary results being suppressed by the statement regarding the impact of the coal dispute on exports. Wm. Baird responded to the preliminary results with a rise of 8 to 323p, while European Ferries hardened 3 to 93p on the sale of Singer and Friedlander to Britannia Arrow. Satisfactory half-year results left Photo-Me 20 higher at 705p in a limited market, but G. W. Sparrow closed 2 cheaper at 48p, after 54p, following the preliminary statement. Reflecting the success of the rights issue, Hawley Group improved 5 to 86p. Copydex rallied 7 to 152p and Gestetner A 8 to 98p, while Redfearn Glass improved 5 to 103p in belated response to a recent investment recommendation. Whatman Reeve Angel advanced 22 to 680p ahead of the annual results, due shortly. Other good spots included BET Deferred, up 9 at 273p, and LCP, 7 higher at 89p.

Among Leisure issues, recently dull Aspinall Holdings attracted "new time" buying and firmed 5 to 128p. Management Agency and Music gained 6 to 141p and Campari added 4 to 38p. Owners Abroad improved ¾ to 28½ following the satisfactory preliminary results, but the lower annual profits left GRA a penny off at 66p. Television isues were highlighted by Scottish TV A which rose 10 to 178p issues were highlighted by Scoton the good annual results and rights issue proposal. LWT A firmed 4 to 284p following the excellent half-year profits.

Motors Components improved in places. Lucas hardened a few pence to 215p, while gains of 4 and 7 respectively were seen in Automotive, 80p, and Flight Refuelling, 265p.

Newspaper concerns were featured by Fleet Holdings which jumped 8 to 162p on revived hopes of a bid from Mr Robert Holmes à Court. International Thomson also fared well with a jump of 40 to 855p in response to the bumper annual profits. Among Paper/Printings, BPC advanced 11 to 169p as buyers began to show an increased interest ahead of the preliminary figures, due on April 18. Speculative buying prompted a rise of 18 to 388p in John Waddington.

Leading Properties, steady to a shade firmer during the official session, encountered late selling and finished easier on balance. Land Securities closed a couple of pence off at 278p after 282, and MEPC 3 cheaper at 297p, after 301p. Hammerson "A" slipped 10 to 855p and Great Portland Estates softened 2 to 152p.

Rallying from recent lower levels, the result of Trafalgar House's decision not to make a fresh offer for the group, P & O Deferred closed 6 higher at 300p. Elsewhere in Shippings, Walter Runciman rose 6 to 107p, after 108p, on revived speculative support.

Textiles made a brighter showing. Harold Ingram rallied 15 to 305p and Small and Tidmas recovered 10 to 80p. Nottingham Manufacturing put on 4 to 244p, while Atkins Brothers improved a few pence to 95p. Courtaulds hardened the turn to 147p.

Bats returned to prominence with a rise of 7 to 227p in Tobaccos.

Atlantic volatile

Irish oil explorer, Atlantic Resources, remained a volatile market and eased to 48p at the outset before rallying to 56p in mid-session. The recovery proved short-lived, however, and the shares retreated in the face of renewed selling pressure to close unaltered on balance at 50p. Aran Energy moved between 43p and 47p prior to closing a penny off at 46p.

Other Irish oils, depressed by the sharp retreat in Atlantic recently, staged a strong rally. Bryson were particularly firm and moved up to 265p before ending the day a net 25 to the good at 260p. Eglinton were finally 4 up at 91p, after 95p.

Among leading domestic oils BP hardened to 486p in early trading but retreated to close 5 off at 480p ahead of the annual report, published today. Shell were a similar amount cheaper at 630p, after 638p. LASMO put on 6 to 301p, after 303p, while Britoil and Tricentrol edged up 3 apiece at 253p and 206p respectively. Second line issues provided a firm feature in Pict Petroleum which advanced 15 to 150p amid rumours of an imminent drilling report while a brokers seminar prompted good demand for Floyd Oil Participations 10 up at 100p.

Overseas Oils showed Australia's Santos 12 lower at 460p in the wake of the proposed A$153m rights issue.

Golds gain ground

South African sectors of mining markets took Wednesday's rally a stage further. Golds were marked up at the outset, again boosted by overnight American buying, and continued to gain ground on renewed short covering and light buying interest. But the best levels were not hold as bullion dipped in the wake of the increased prime lending rate announced by First National Bank of Chicago.

Bullion closed a net $1.5 easier at $380.5, while the Gold Mines index showed a further 8.5 gain at 655.4—a two-day rise of 16.7.

Stock shortages in Golds were particularly evident in Vaal Reefs, which improved a point to £90½, and Western Holdings, a similar amount to the good at £37. Gains of around a half-point were common to Winkelhaak, £35½, Vonterspost, £10½, Free State Geduld, £29½, President Brand, £31½, and St Helena, £25.

Strong performers in the cheaper-priced issues included ERGO, 19 firmer at 641p, Leslie, 17 higher at 244p, and Elsburg, which advanced 20 to 303p.

South African Financials mirrored the trend in Golds, GFSA adding a half-point at £15½ and De Beers 10 at 570p.

London Financials drew strength from the upturn in UK equities, Rio Tinto-Zinc closing 6 better at 683p and Gold Fields 3 up at 610p.

Another good performance by Sydney and Melbourne markets overnight gave an initial boost to Australians. However, the emergence of profit-taking and an uncertain trend in base-metal prices unsettled the leaders which generally closed with minor falls on balance. CRA dipped 6 to 392p while Bougainville lost 3 to 173p. Among the speculative Golds Metana attracted persistent support following a sharp rise in Sydney overnight, and put on 6 at a 1983-1984 high of 204p, while Tunax Resources rose a like amount to 80p.

Demand for Traded Options increased slightly with 3,096 deals done compared with the previous day's meagre total of 2,491. This comprised of 1,802 calls and 1,294 puts. Commercial Union's positions were still being actively traded and here 646 calls and 177 puts were struck, with operators still anticipating a U.S. takeover bid or sale of the group's American interests.

FINANCIAL TIMES STOCK INDICES

	April 5	April 4	April 3	April 2	March 30	March 29	Year ago
Government Secs	83.61	82.60	82.66	83.02	83.19	83.25	81.81
Fixed Interest	86.62	86.52	86.56	86.73	86.75	86.72	83.47
Industrial Ord.	867.0	857.8	859.2	870.8	877.0	881.8	572.2
Gold Mines	655.4	646.2	638.7	651.3	656.9	651.9	602.2
Ord. Div. Yield	4.41	4.45	4.45	4.39	4.36	4.34	4.68
Earnings, Yld.% (full)	9.93	10.02	10.01	9.86	9.80	9.65	9.51
P/E Ratio (net) (*)	12.10	12.00	12.01	12.20	12.28	12.48	12.80
Total bargains (Est.)	32,420	31,140	31,010	30,502	28,480	28,562	27,636
Equity turnover £m.	—	963.71	979.93	970.93	661.7	315.70	557.00
Equity bargains	—	26,839	25,840	28,948	23,655	24,052	23,983
Shares traded (ml)	—	160.3	182.0	161.6	193.1	107.4	238.9

10 am 868.0. 11 am 867.8. Noon 867.5. 1 pm 868.8. 2 pm 868.8. 3 pm 869.2.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=11.47.

HIGHS AND LOWS

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	79.05 (11/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	901.4 (21/3/84)	598.4 (12/1/83)	901.4 (21/3/84)	40.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.5 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	April 4	April 5
—Daily		
Gilt Edged Bargains	175.5	187.5
Equities Bargains	107.4	175.9
Value	535.0	565.8
5-day Average		
Gilt Edged Bargains	169.8	165.7
Equities Bargains	157.6	162.7
Value	590.2	611.9

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thurs April 5 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed Apr 4 Index No.	Tues Apr 3 Index No.	Mon Apr 2 Index No.	Fri Mar 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (202)	512.88	+0.8	8.78	3.57	14.62	508.60	511.48	517.51	522.72	456.81
2	Building Materials (24)	506.78	+0.7	10.51	4.33	11.89	503.49	505.90	514.91	522.09	442.15
3	Contracting, Construction (32)	748.41	+0.4	12.53	4.73	10.00	745.09	749.79	763.54	767.30	792.44
4	Electricals (14)	1703.02	+0.9	7.52	4.08	16.83	1687.75	1696.74	1704.37	1727.52	1656.41
5	Electronics (27)	1735.41	−0.3	8.14	2.16	15.99	1740.20	1752.78	1754.37	1777.55	0.0
6	Mechanical Engineering (62)	243.90	+1.3	10.48	4.04	11.70	240.33	242.01	245.85	246.98	218.64
8	Metals and Metal Forming (9)	200.32	+1.4	10.29	6.25	12.24	197.55	200.25	204.35	205.70	187.60
9	Motors (17)	139.72	+1.7	3.08	3.94	—	137.44	138.83	140.57	142.04	96.91
10	Other Industrial Materials (17)	671.10	+0.1	5.73	3.54	23.07	670.23	671.22	686.41	690.25	440.47
21	CONSUMER GROUP (195)	520.92	+1.0	9.79	3.99	12.45	515.65	518.37	524.23	527.34	428.46
22	Brewers and Distillers (23)	511.52	+1.9	11.74	4.72	10.55	502.00	505.05	512.52	514.57	409.54
25	Food Manufacturing (22)	401.24	+0.6	13.06	5.34	8.86	398.84	400.43	405.87	407.40	343.01
26	Food Retailing (12)	1198.10	−0.3	6.96	2.44	18.49	1201.47	1200.34	1221.52	1234.66	843.49
27	Health and Household Products (9)	781.39	+0.6	6.19	2.90	19.82	776.52	775.58	787.24	790.76	816.47
29	Leisure (22)	672.68	+0.8	8.52	4.24	15.13	667.42	672.32	676.39	680.21	531.46
32	Newspapers, Publishing (14)	1310.58	+2.1	7.30	3.94	16.40	1283.96	1289.81	1305.92	1304.82	787.91
33	Packaging and Paper (15)	258.35	+1.0	10.14	4.06	11.96	255.92	257.67	260.33	261.28	159.10
34	Stores (47)	480.72	+1.1	7.44	3.25	18.18	475.67	478.62	484.28	488.43	374.12
35	Textiles (20)	292.36	+0.7	10.78	3.96	10.63	289.38	292.14	293.05	294.69	282.28
36	Tobaccos (3)	611.65	+2.3	17.55	5.09	6.45	598.06	603.49	605.41	608.78	488.49
39	Other Consumer (8)	479.78	−0.6	11.05	4.19	—	482.67	485.00	490.18	489.93	374.24
41	OTHER GROUPS (88)	447.77	+1.0	9.04	4.26	13.30	443.45	444.12	448.22	450.04	333.04
42	Chemicals (18)	605.83	−0.1	10.95	4.81	10.76	606.31	606.42	611.76	613.08	436.92
44	Office Equipment (5)	134.14	+0.3	7.97	5.53	16.26	133.80	136.29	137.92	138.20	103.48
45	Shipping and Transport (14)	885.63	+0.9	8.13	4.75	16.20	877.84	880.68	886.39	886.26	649.63
46	Miscellaneous (51)	606.83	+1.9	7.70	3.59	15.39	595.38	595.73	601.64	607.99	464.41
49	INDUSTRIAL GROUP (485)	512.29	+1.0	9.35	3.90	13.21	507.47	509.90	515.58	519.31	426.33
51	Oils (15)	1087.85	−0.5	11.76	6.21	10.30	1093.81	1081.18	1095.97	1076.55	820.58
59	500 SHARE INDEX	560.49	+0.7	9.75	4.28	12.62	556.59	557.74	564.19	565.94	459.14
61	FINANCIAL GROUP (120)	390.05	—	—	5.30	—	389.91	389.86	394.66	394.73	309.86
62	Banks (6)	395.91	+0.5	22.03	6.85	5.26	393.99	395.84	400.89	398.89	319.14
63	Discount Houses (7)	439.99	−1.4	—	6.48	—	446.35	453.99	455.89	459.09	382.54
65	Insurance (Life) (9)	487.71	+0.3	—	5.30	—	486.25	483.35	486.51	487.39	394.28
66	Insurance (Composite) (9)	281.50	−0.3	—	6.24	—	282.45	282.37	291.43	290.81	203.75
67	Insurance (Brokers) (6)	750.85	+0.1	9.45	4.37	14.69	749.99	748.00	735.61	739.57	616.10
68	Merchant Bank (12)	248.61	+0.4	—	3.81	—	247.66	246.54	249.55	250.56	165.38
69	Property (53)	569.96	−0.5	5.30	3.50	25.38	572.98	572.16	576.23	578.25	463.27
70	Other Financial (18)	265.67	+0.5	10.56	5.17	11.62	264.45	265.19	267.63	267.96	250.36
71	Investment Trusts (106)	517.08	+0.1	—	3.48	—	516.51	516.60	518.99	518.73	412.91
81	Mining Finance (4)	328.70	+0.7	8.10	4.44	14.90	326.54	326.61	332.10	332.69	260.65
91	Overseas Traders (16)	578.94	+0.8	7.80	6.38	17.03	574.48	581.30	587.39	589.37	432.86
99	ALL-SHARE INDEX (746)	519.06	+0.6	—	4.43	—	516.20	517.06	522.95	524.20	421.64

FIXED INTEREST

	PRICE INDICES	Thurs Apr 5	Day's change %	Wed Apr 4	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	118.42	+0.16	118.22	—	3.22
2	5—15 years	132.88	+0.33	132.44	—	3.42
3	Over 15 years	142.54	+0.39	141.99	—	2.59
4	Irredeemables	153.93	+0.36	153.38	—	1.62
5	All stocks	131.12	+0.29	130.75	—	3.20
6	Debentures & Loans	109.05	−0.01	109.06	—	3.01
7	Preference	76.63	+0.01	76.62	—	2.46

	AVERAGE GROSS REDEMPTION YIELDS		Thurs Apr 5	Wed Apr 4	Year ago (approx.)
	British Government				
1	Low	5 years	9.96	10.03	9.30
2	Coupons	15 years	10.10	10.14	10.13
3		25 years	9.73	9.76	9.96
4	Medium	5 years	10.61	10.67	11.19
5	Coupons	15 years	10.58	10.63	10.88
6		25 years	10.04	10.08	10.31
7	High	5 years	10.74	10.79	11.32
8	Coupons	15 years	10.72	10.77	11.08
9		25 years	10.12	10.16	10.46
10	Irredeemables†		9.67	9.71	9.85
11	Debs &	5 years	11.33	11.38	12.18
12	Loans	15 years	11.37	11.36	12.18
13		25 years	11.37	11.36	12.18
14	Preference†		12.79	12.79	12.23

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECLASSIFICATION CORRECTION:— In Saturday's footnote Childs & Son should have read Chubb & Son.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$375	24	18	12	29 B	—	—	$380.50
GOLD C	$400	75	4.30 A	—	—	19	94	"
GOLD C	$425	66	1.70	19	7.60	85	15	"
GOLD P	$375	—	—	—	—	10	10.80	"
GOLD P	$400	43	21	50	31 A	—	—	"
		June		Sept.		Dec.		
SILVER C	$9	8	0.60	1	1.25	—	—	$8.34
SILVER C	$10	15	0.45	0	0.60 A	1	1.25 A	"
SILVER C	$11	109	0.20	—	—	101	0.80	"
SILVER P	$8	1	0.45	—	—	—	—	"
SILVER P	$10	5	0.85	—	—	—	—	"
		April		July		Oct.		
ABN C	F.400	59	6.50	1	15	—	—	F.405
ABN P	F.380	4	1.50	90	7	60	15.50	"
AH C	F.200	15	0 B	28	11	1	15	F.200
AKZO C	F.90	8	8.70	158	12.20	22	10	F.98.40
AKZO C	F.100	228	8	1560	7	91	18	"
AKZO C	F.110	145	0.50	288	4.10	60	7.70	"
AKZO C	F.120	88	0.00	208	8.50	38	5	"
AKZO C	F.130	1	0.10	34	1.60	9	5.60	"
AKZO P	F.80	—	—	95	1 B	—	—	"
AKZO P	F.90	11	0.40	151	5.50	20	3.50	"
AKZO P	F.100	215	5.50	1288	7.80	114	9.20 B	"
AMRO C	F.65	58	10.50	11	10.60	—	—	F.75.10
AMRO C	F.70	05	5.60	19	7.50	—	—	"
AMRO C	F.75	125	1.60	55	4.60	—	—	"
AMRO C	F.80	4	0.50	25	2.60	—	—	"
HEIN C	F.140	30	4	9	10.90	—	—	F.141.40
HEIN C	F.160	21	0.50	70	5.90	2	5.40	"
HOOG C	F.46.20	33	1.60	14	5.70	8	7.50	F.49.50
HOOG C	F.55.20	67	0.50	51	3.40	a	5	"
HOOG P	F.46.20	67	0.80	10	2.90	—	—	"
KLM C	F.170	01	8.50	5	19	1	26.50	F.174.60
KLM C	F.180	348	4	30	14.50	—	—	"
KLM C	F.190	75	1.80	33	11	—	—	"
KLM C	F.200	185	0.90	23	7.90	—	—	"
KLM C	F.210	283	0.60	49	5 B	—	—	"
KLM C	F.220	4	0.10	78	3	10	7	"
KLM P	F.160	25	1.10	37	5.60 A	—	—	"
KLM P	F.170	285	3.30	104	8.70	5	13	"
KLM P	F.180	565	8.20	160	15.10	50	10	"
KLM P	F.190	18	15	28	92	—	—	"
KLM P	F.200	40	27.50	—	—	—	—	"
PHIL C	F.40	45	8.10	14	9.30	5	11	F.48.60
PHIL C	F.45	132	4.30	30	0	15	7.70	"
PHIL C	F.50	694	1	405	3.20	169	5	"
PHIL C	F.55	27	0.30	—	—	—	—	"
PHIL P	F.45	35	0.40	80	1.70	24	2.20	"
PHIL P	F.50	1217	8.60	75	3.80	299	4.60	"
RD C	F.140	174	14	1	17	—	—	F.154
RD C	F.150	410	5.80	52	10.40	1	15.70	"
RD C	F.160	159	0.60	156	5.80	65	10.50	"
RD C	F.170	270	0.10	12	9.40	60	5.50 B	"
RD P	F.150	—	—	100	1	—	—	"
RD P	F.140	14	0.50	112	2.60	13	4.60 B	"
RD P	F.150	20	1.10	62	6.30	—	—	"
RD P	F.160	157	7 A	11	12	5	14	"
UNIL C	F.260	78	5.60	7	12	05	10.60	F.257.80
UNIL C	F.280	10	0.60 A	40	4.50	25	7	"
UNIL P	F.260	20	6.50	73	14	—	—	"

TOTAL VOLUME IN CONTRACTS 16,829

A=Ask B=Bid C=Call P=Put

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (39)

FOREIGN BONDS (2)
Ireland 9¾pc 91-96 Japan 4pc '10 Ass.
BREWERS (1)
Moray Firth Maltings
BUILDINGS (2)
Lafarge-Coppee Wilson (Connolly)
CHEMICALS (2)
Coats Bros. Coats Bros. 'A' N/V
STORES (4)
Church Debenhams
Combined English Liberty N/V
ELECTRICALS (1)
CASE
ENGINEERING (1)
Glynwed Intl.
FOODS (1)
Pyke
INDUSTRIALS (5)
Baird (Wm.) Macpherson (D.)
Brammer Photo-Me
B. H. Prop.
INSURANCE (2)
Stewart Wrightson Willis Faber
LEISURE (4)
Grampian TV 'A' LWT 'A'
HTV N/V Scottish TV 'A'
NEWSPAPERS (2)
Int. Thomson Metal Bulletin
Link House
PAPER (1)
Waddington
SHIPPING (1)
Runciman (W.)
TOBACCOS (1)
BAT Inds.
TRUSTS (6)
Family M & G 2nd Dual Inc.
Fleming Claverhouse Marine Adv. Sailing
Keystone Inv. TR City of London
OILS (1)
Cie Fr. Petroles 'B'
MINES (1)
Metana Minerals

NEW LOWS (16)

AMERICANS (3)
AridTech Merrill Lynch
Chesebrough-Pond's Southwestern Bell
STORES (1)
Caird (A.)
ELECTRICALS (4)
DSE Technology Pactrol Elect.
Mitel Corp. Pifco 'A'
INDUSTRIALS (2)
Office & Elect. Parker Knoll 'A'
LEISURE (3)
[illegible] Leisure Tottenham Hotspur
SeaCo
OILS (2)
Flair Resources Oliver Prospecting

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
BP	15	485	+10
Glaxo	15	813	—
Petranol New	15	255	+20
Pilkington Bros	13	313	−5
Commercial Un	12	218	−2
Pitchard Servs	12	125	−5
Royal Insce	12	575	−9
Bowater	11	309	−2
GRE	11	590	+2
Automated Sec	10	140	+7
Cable, Wireless	10	350	+5
Lex Service	10	408	−7
Midland Bank	10	383	−1
Strong & Fisher	10	176	−8

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
¶ ¶	F.P.	—	150	143	✠Brim Invs. £1	143	.....	—	—	—	—
§155	F.P.	27/4	182	166	Burmatex 10p	180	.....	b5.0	1.9	4.0	18.6
§87	F.P.	—	205	155	✠CPS Computer 20p	160	.....	u1.0	2.6	0.9	45.0
25	F.P.	15/4	25⅛	20½	Cambium Venture 5p	20⅛	.....	—	—	—	—
100	F.P.	3/5	100	97	C. J. R. Pacific Inv. Tst	98	.....	—	—	—	—
—	F.P.	5/5	39	27	Do. Warrants	37	−1	—	—	—	—
¶ ¶	F.P.	—	130	88	✠Circaprint Hlds. 10p	130	.....	u1.0	7.7	0.8	18.8
**	F.P.	—	58	12½	✠Cluff Oil Warrants	27	−3	—	—	—	—
¶ ¶	F.P.	—	128	120	Commerc'lBkWales£1	125	.....	7.5	2.1	8.5	7.2
120	F.P.	27/4	160	135	Connells EstateAgts5p	137	−5	g2.8	2.5	2.2	21.0
—	F.P.	—	38	31	Cons.Venture I20W'rts	38	.....	—	—	—	—
§152	F.P.	4/4	177	170	✠Denmene Electrical	170	.....	45.5	5.9	2.9	11.0
¶ ¶	F.P.	—	120	110	✠Dewey Warren 10p	115	.....	—	—	—	14.2
—	F.P.	10/5	41	30	Eng. & Int'l Tst. War.	39	−1	—	—	—	—
§114	F.P.	19/4	167	152	✠Formdesign 20p	157	−3	bgd3.5	2.4	4.0	12.1
**	F.P.	—	80	25	Hambros Inv.Tst.War.	26	.....	—	—	—	—
§75	F.P.	11/5	90	80	✠Havelock Europa 10p	90	.....	bg.15	2.4	2.6	21.2
*156	F.P.	17/4	105	85	✠Horne (Robert) 20p	98	−1	u2.45	5.3	3.6	11.9
—	F.P.	17/4	102	78	Do. N/V 'A' 20p	97	−2	u2.45	5.3	3.6	11.7
¶	F.P.	19/3	105	70	✠LPA Inds. 10p	70	.....	u3.45	2.5	5.0	11.2
§130	F.P.	11/5	160	140	✠MeadowF'mProd10p	143	+3	bg3.65	2.7	3.7	11.6
§110	F.P.	3/4	136	129	Morceau Hldgs. 10p	132	+1	bg2.7	2.6	2.0	15.0
§60	F.P.	4/4	84	60	✠Morgan Comm. 5p	83	.....	bg1.35	1.7	3.2	16.9
§115	F.P.	25/3	230	160	✠NorbainElectro'c 5p	220	−5	bd1.0	4.4	0.7	49.7
125	F.P.	10/5	130	102	✠Nth Sea & Gen. Oil £1	108	.....	—	—	—	—
§52	F.P.	27/4	80	60	OspreyCommunic'tns	70	.....	N1.0	—	2.0	—
§215	F.P.	27/4	368	353	Our Price 20p	353	−5	bg6.0	5.7	1.8	17.5
*125	F.P.	13/4	278	140	Petranol 10p	256	.....	—	—	—	—
§180	F.P.	13/4	156	140	✠Platon Intl.	150	.....	bg1.64	5.5	1.6	12.5
160	F.P.	15/4	255	226	✠Powerline Int'l. 5p	245	.....	bg1.4	3.9	0.8	45.5
¶¶	F.P.	—	680	640	Reed Stenh'se Cls. A	665	+5	30.50c	—	7.0	—
¶¶	F.P.	—	670	660	Do. Class C	665	+10	30.50c	—	7.1	—
160	F.P.	26/4	305	230	Robertson Res'rch 10p	235	+5	bg5.0	8.9	1.8	25.8
§85	F.P.	22/5	37½	25	✠Sangers Photo. 10p	26½	.....	bg1.25	1.8	6.7	12.0
§78	F.P.	11/5	128	102	✠Scantronic 2½p	122	.....	bg1.6	2.0	1.9	30.4
—	F.P.	—	64½	50	Shirea Inv. Warrants	58	.....	—	—	—	—
970	F.P.	19/4	500	410	Systeme Reliabil'y 10p	470	.....	g5.78	2.9	1.3	38.4
§145	F.P.	27/4	192	170	✠Tod (W. & J.) 5p	170	−3	bg2.5	2.1	2.1	28.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −
87.015	£95	24/7	28¼	25	Asian Dev. Bk. 10¼% Ln. 2009	28	+¼
¶ ¶	F.P.	—	106½p	98p	Baring Bros. 7½% Cum. Prf. £1	98p	.....
87.072	£25	1/7	28⅝	25¼	Brixton Est. 11¾pc 1st Mort. Deb. 2025	27⅝	+⅝
¶	F.P.	5/4	1050	810	ERGO 15½% Uns. Cnv. Ob. 1988/91 R10	819	.....
£100	F.P.	10/5	92⅞	91¾	Eng. & Intnl. Tst. 10⅝% Deb. 2014	92½	+½
88.045	£50	26/6	30⅝	29⅛	Finland 11½% Ln. 2009	29½	+¼
§98.548	F.P.	6/4	100¾	98	Grainger Tst. 11⅜% 1st Mort. Deb 2024	100¾	+½
¶ ¶	F.P.	27/4	115	102¼	Hanson Tst. 8% Cnv. Un. Ln. 2004/09	115½	+½
99.714	£30	25/4	35⅛	30	Int. Bk. for Rec. & Dev. 11.5% Ln. 2005	33½	+¼
§95.711	£25	15/6	27¼	24½	MEPC 10¼pc 1st. Mort. Deb. 2024	25½	+¼
¶101	F.P.	14/5	101¼	98	Mid-Southern Wtr. 5¼% Red. Prf. 1991	98	.....
—	F.P.	—	100	99⅞	Nationwide 9⅞% 25/3/85	99⅞	.....
§97.80	£25	12/7	30½	25½	Province de Quebec 13¼% Ln. 2020	29⅝	+⅛
99.44	£25	15/4	30¼	25¼	Queens Moat 12% 1st Mort. Deb. 2013	30	.....
¶ ¶	F.P.	27/4	104½	100¾	Scot. Northern Inv. Tst 11¾%Rd.Db.2009	104	+½
98.50	£25	11/5	27⅝	24⅞	TR City of London 11½pc Deb. 2014	27¼	+½

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −
400	Nil	17/5	125pm	60pm	A. B. Electronic	125pm	+32
Fl.95	F.P.	—	£23¾	£22⅛	Akzo N/V Fl. 20	£23¼	+¾
315	Nil	10/5	117pm	99pm	Bowater £1	99pm	−1
A$7.5	Nil	9/5	268pm	216pm	Broken Hill Prop.A$2	256pm	+2
Ir.52p	F.P.	8/4	55½	51½	Cement-Roadstone	52	.....
—	F.P.	—	285	138	East Dagga Options	220	.....
450	Nil	18/5	55pm	25pm	Exco Intl.	27pm	+2
25	Nil	—	16pm	14pm	Glanfield Lawrence	16pm	.....
130	Nil	9/4	20pm	17pm	Grosvenor Group	20pm	.....
80	F.P.	3/4	86	80	Hawley Group 12½p	86	+5
40	Nil	16/4	8pm	1pm	✠Immed. Bus. Systems 10p	8pm	+1
16	F.P.	21/5	51½pm	27pm	Sheafbank Property 10p	51pm	.....
25	Nil	11/5	8pm	1½pm	Sutcliffe Speakman	1½pm	.....
90	Nil	12/4	52pm	16½pm	TSL Thermal Syndicate	27pm	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *C* Canadian. *F* Dividend and yield based on prospectus or other official estimates for 1984. *H* Dividend and yield based on prospectus or other official estimates for 1983-84. *Q* Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ▩ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. †† Official London Listing. • Offered as units, comprising one ord and one N/V A ord. ‡ No par value.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
A. B. Electronic	525	+35
Assoc. Brit. Ports	278	−17
Atlantic Resources	50	—
Commercial Union	220	+4
Crystalate	280	+15
Fleet Hldgs.	162	+8
Gestetner A N/V	98	+8
Grand Metropolitan	328	+8
Hickson Intl.	396	−7
Pict Petroleum	150	+15
Rivlin (L. D. & S.)	85	+9
TI	264	+8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 19	Mar 30	June 28	July 9
Apr 2	Apr 13	July 12	July 23
Apr 16	Apr 27	July 26	Aug 23

For rate indications see end of Share Information Service

Stocks to attract money for the call included Eglinton, Bryson, Intervision, Premier Consolidated, GRA, Atlantic Resources, Carpets International, UKO International, South West Resources, Burmah, Cornell and Leisuretime. Thorn EMI and GKN were dealt in for the put, while a double option was arranged in H. Ingram.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	96	2	5
Corpns. Dom. and Foreign Bonds	12	2	65
Industrials	333	249	832
Financial and Prop.	91	101	330
Oils	31	20	70
Plantations	3	2	13
Mines	74	22	76
Others	52	74	91
Totals	692	472	1,485

FT-SE 100 INDEX

Close .... 1102.2 (+8.6)
Day's high .... 1104.4 (3.01 pm)
Day's low .... 1097.8 (9.35 am)
(Base value=1000 December 30 1983)

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
B.P. (*486)	390	97	100	—	1	5	—
	420	57	72	77	2	8	11
	460	28	38	48	0	15	25
	500	5	20	50	25	39	57
Cons. Gold (*511)	460	157	165	—	1	3	—
	500	117	130	137	1½	5	11
	550	70	85	98	4	18	20
	600	35	45	60	17	32	40
	650	5	20	37	50	60	62
Courtaulds (*147)	100	48	40	—	1	1	—
	110	38	30	—	1	1	—
	120	28	30	—	1½	3	—
	130	18	20	26	1½	3	4
	140	10	15	20	4	7	8
	160	5	7	10	18	20	22
Com. Union (*220)	140	82	86	—	1	1½	—
	160	62	60	62	1	3	2½
	180	49	48	58	1½	5	7
	200	35	38	38	4	8	15
	220	15	24	31	8	18	22
	240	6	15	18	28	33	35
G.E.C. (*184)	160	30	38	46	1	2	5
	180	11	24	30	5	8	11
	200	4	14	22	20	22	24
	220	1	7	14	38	38	40
	240	1	—	—	—	—	—
Grand Met. (*325)	275	56	60	64	1	5	6
	300	30	38	45	2	7	9
	325	10	—	—	9	—	—
	330	—	19	25	—	10	24
	360	1½	9	14	36	40	44
I.C.I. (*600)	500	104	—	—	1	—	—
	550	54	68	74	3	8	15
	600	17	34	58	14	28	38
	650	2	14	31	52	60	70
Land Sec. (*280)	240	40	44	51	8	8	4
	257	23	28	—	1½	4	—
	260	20	25	35	1½	5	8
	280	5	15	20	8	15	18
	300	2	8	15	25	30	35
Marks & Sp. (*265)	220	44	46	60	1	3	3
	240	24	28	30	3	6	5
	260	10	17	20	8	13	16
	280	4	8	13	21	24	25
Shell Trans. (*653)	550	88	82	—	1½	4	—
	600	40	60	73	4	13	16
	650	12	27	40	27	33	40
	700	3	13	20	66	68	70

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Barclays (*514)	460	60	75	—	2	2	—
	500	30	45	57	15	20	26
	550	7	28	55	40	43	59
	600	1	9	—	88	90	—
Imperial Gp. (*141)	120	25	—	—	1	—	—
	130	14	20	—	2	3	—
	140	5½	11	15	5	8	10
	160	1½	4½	6½	21	23	25
LASMO (*303)	260	47	55	—	4	8	—
	280	30	45	55	7	15	19
	300	18	37	42	15	28	37
	330	8	25	32	37	50	55
	360	4	15	—	68	75	—
	390	3	—	—	—	—	—
Lonrho (*144)	110	37	41	—	1	1	—
	120	28	32	—	1	1½	—
	130	20	24	—	1	3½	—
	140	18	17	21	5	8	8½
	160	5½	8½	19	17	10	21
P. & O. (*302)	240	64	67	—	3	2	—
	260	44	48	57	3	4	5
	280	26	35	44	5	10	14
	300	16	25	35	14	18	23
	330	4	13	22	37	41	45
Racal (*214)	180	48	50	—	1	5	—
	200	24	38	40	5	8	15
	220	10	21	28	14	18	23
	230	6	—	—	—	—	—
	250	1½	—	—	—	—	—
R.T.Z. (*654)	550	147	157	—	1½	4	—
	600	97	116	—	5	8	—
	650	60	74	86	12	25	30
	700	25	40	50	55	45	57
Vaal Reefs (*$130)	100	31	34½	—	0¾	3¾	—
	110	23	25½	—	1½	4¾	—
	120	15	18	21½	5	8	9½
	130	7	12	14	7½	13	15
	140	3½	7	8½	13½	19½	21

Option		Calls June	Calls Sep.	Calls Dec.	Puts June	Puts Sep.	Puts Dec.
Beecham (*311)	280	38	47	—	5	5	—
	300	25	32	40	9	15	15
	330	10	18	25	25	30	32
	360	5	6	13	52	55	57
Bass (*351)	300	57	76	—	3	4	—
	330	33	46	50	7	12	15
	360	17	23	30	14	20	26
	390	6	10	14	36	40	45
De Beers (*$820)	750	85	115	—	18	25	—
	800	50	80	100	37	45	67
	850	30	53	75	75	85	92
	900	12	37	—	110	120	—
Guest Keen (*205)	160	45	48	—	2	3	—
	180	26	31	—	3	5	—
	200	15	21	27	9	12	14
	220	7	12	17	25	25	20
Hanson (*193)	147	46	—	—	2	—	—
	160	38	41	—	2	3	—
	175	25	30	—	3	5	—
	180	21	26	31	5	9	11
	187	15	22	—	9	15	—
	200	10	15	10	15	10	25
Tesco (*189)	180	20	26	20	4	8	10
	200	9	15	17	15	16	21

Apr. 5. Total Contracts 5,096. Calls 1,802. Puts 1,294.
*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104¼	100	Exch 14pc 1984	100	–	15.92	9.28
98	92½	Exch. 3pc 1984	98	–	3.04	8.67
102	100¼	Treas 12pc 1984	101¼		11.85	9.12
107	104	Treas 15pc 1985	104		14.34	9.31
107	101	Exch 12pc Cnv. '85	102	+	11.73	9.19
94	88	Treas 3pc 1985	94		3.19	8.64
102	99	Treas 11½pc 1985	102¼	+	11.25	9.55
102	95	Treas 6½pcCnv 85	98	+	8.85	9.57
104	100¼	Exch. 12¼pc 1985	103	+	11.83	9.74
101	99	Exch. 11¼pc '86	103¼	+	11.38	9.79
102	97¼	Treas. 10pcCnv 1986	100	+¼	9.91	9.48
90¼	85	Treas 3pc 1986	88	+	3.39	9.10
102	97	Exch. 10½pc Cv '86	100	+¼	10.40	9.98
104	100	Treas 12pc 1986	103	+	11.59	10.12
98	94	Treas 8½pc 1984-86‡‡	97	+	8.73	9.84
109	105	Exch. 14pc 1986	108	+	12.89	10.11
87	84	Exch 2½pc 1986	85¼	+	2.93	8.91
107¼	103	Exch 13¼pc 1987	107	+	12.36	10.19
100	95	Treas 10¼pc Cv '87	100	+	10.22	10.09
86	80¼	Exch 2½pc 1987	83	+	2.98	8.92
101	95	Exch. 10½pc 1987	100	+	10.44	10.28
93	88	Funding 6½pc '85-87‡‡	91¼	+	7.13	9.88
99	96	Treas 10pc 1987	99	+	10.09	10.30
86	80¼	Treas 3pc 1987	82	+	3.67	9.19
105	99	Treas. 12pc 1987	104	+	11.46	10.38
94	89	Treas 7¼pc 1985-88‡‡	93¼	+	8.31	9.90
101½	95½	Exch 10½pc '88	100	+	10.45	10.18
98	95	Treas 9¼pc Cv '88	97	+	9.96	10.35

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—Continued

Australians

Tins

Miscellaneous

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

INSURANCES

LEISURE

PROPERTY

Finance, Land, etc

OIL AND GAS

NOTES

... prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	76	
Craig & Rose £1	900	
Finlay Pkg 5p	47	
Higsons Brew.	103	−2
Holt (Jos) 25p	870	
IoM Stm. £1	150	
IRISH		
Exch. 12% 1985	£98¾	
Nat 9¾% 84/89	£88	
Fin. 13% 97/02	£92½	
Alliance Gas	78	
Arnott	255	
CPI Hldgs	82	
Carroll Inds	117	−1
Hall (R. & H.)	67	
Heiton Hldgs.	17	
Irish Ropes	53	
Jacob (W & R)	65	
TMG	50	
Unidare	78	

OPTIONS

3-month call rates

Industrials	
Allied-Lyons	15
BOC Grp	27
BSR	26
Babcock	17
Barclays Bank	45
Beecham	32
Blue Circle	48
Boots	16
Bowaters	25
Brit Aerospace	20
BAT	35
Brown (J.)	3
Burton Ord	22
Cadburys	11
Comm Union	16
Courtaulds	11
Debenhams	14
Distillers	22
Dunlop	5
FNFC	6¼
Gen Accident	42
Gen Electric	16
Glaxo	70
Grand Met	30
GUS 'A'	55
Guardian	50
GKN	20
Hanson Tst	17
Hawker Sidd	38
Hse of Fraser	26
ICI	42
'Imps'	12
ICL	7½
Ladbroke	23
Legal & Gen	45
Lex Service	40
Lloyds Bank	50
'Lofs'	3
Lucas Inds	18
'Mams'	14
Marks & Spcr.	20
Midland Bk	36
NEI	10
Nat West Bk	60
P & O Dfd	25
Plessey	28
Racal Elect	18
RHM	8
Rank Org Ord	24
Reed Intnl	40
Sears	8
TI	22
Tesco	16
Thorn EMI	55
Trust Houses	18
Turner Newall	18
Unilever	75
Vickers	14
Woolworth Hldg	50
Property	
Brit Land	11
Cap Counties	16
Land Secs	25
MEPC	25
Peachey	17
Samuel Props.	12
Sterling Guar	4
Oils	
Brist. Oil & Min	9
Brit Petroleum	35
Burmah Oil	17
Charterhall	9
Premier	6
Shell	65
Tricentrol	20
Ultramar	60
Mines	
Charter Cons	24
Cons Gold	58
Lonrho	12
Rio T Zinc	60

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

Insurances—continued

[illegible]

Offshore & Overseas—continued

[illegible]

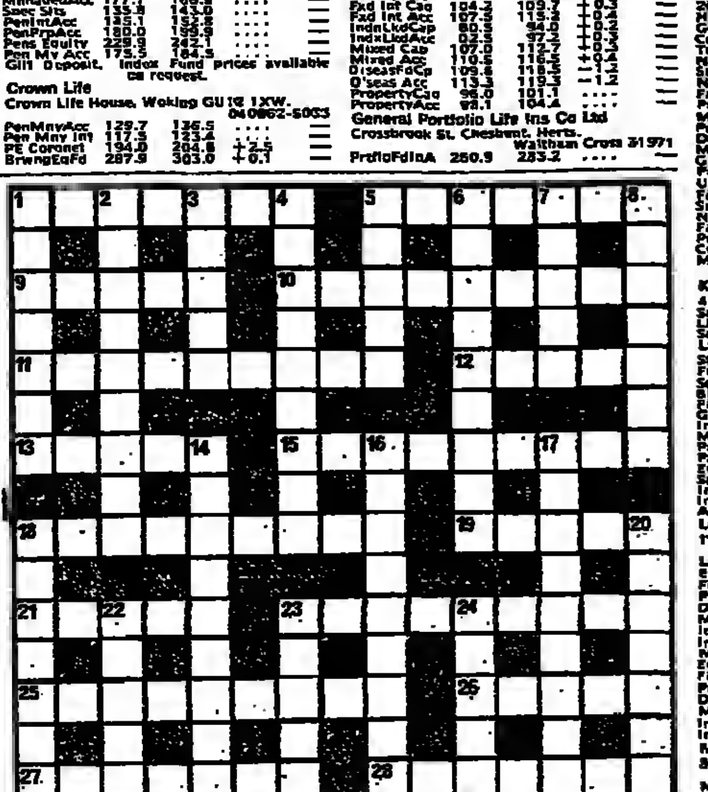
Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

F.T. CROSSWORD PUZZLE No. 5,386



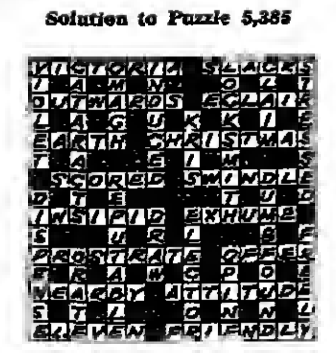
ACROSS

1 Provisions for one of the estates (7)
5 Pole and Russian fought together (7)
9 Whicker sounds negative (5)
10 Those chosen travelled with conductor (9)
11 Seasonable work left with French one (9)
12 The dirndl is leather mainly but it includes some cotton fabric (5)
13 The best type? (5)
15 Fear arrest (9)
18 Get pole so positioned as to drop off (2, 2, 5)
19 Withdraw one's objections to product (5)
21 Included in part of anagram on grounds of brevity (5)
23 Do not reveal the limit set (9)
25 I created a new way to destroy (9)
26 Give up and flourish without one (5)
27 They start drinking anything when water isn't available (7)
28 Seminar organised for the troops (7)

DOWN

1 Sympathise with number out of work (7)
2 Sea level is the essential consideration (4, 5)
3 To go back on her word is something else (5)
4 Venture to think (9)
5 Song and dance performed on stage (5)
6 Guns cause damage in middle of main road (9)
7 Game birds? (5)
8 Put key in to turn on water for divers (4, 3)
14 Relaxed condition, of course, is good for racing (4, 5)
16 Getting to sleep on the Tube is a vain hope (4-5)
17 Performance that takes one's breath away (9)
18 It's adventurous to proceed further (2-5)
20 Sheltering places on ship for those trying to avoid involvement (7)
22 One has to go a different way round on South Island (5)
23 Middleman requires skill (5)
24 Having bowled first, he has taken the credit in the pavilion (5)

Solution to Puzzle 5,385



INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Ass.—Cont.

Income Accum.	135.1	142.3	+0.7	—
Do. Initial	129.4	136.3	+0.7	—
Universal Tec. Acc.	91.2	96.1	−0.7	—
Do. Initial	90.0	94.8	−0.7	—
Man. Pens. Accum.	271.7	286.1	.....	—
Do. Initial	220.9	232.6	.....	—
Gilt-Edg.Pens. Accum.	223.8	235.7	.....	—
Do. Initial	175.0	184.3	.....	—
Money Pens. Accum.	194.9	205.2	.....	—
Do. Initial	154.5	162.7	.....	—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		259.71	+11.4	—
Managed Inv. Fd.	173.99	183.15	+6.42	—
Property Fd.	154.00	162.11	+0.46	—
Fixed Interest Fd.	151.44	159.38	+2.35	—
Cash Fd.	138.81	146.12	+0.41	—
Income Fd.	220.96	232.58	+6.07	—
Extra Income Fd.	189.93	199.93	+0.57	—
Worldwide Growth Fd.	228.65	240.69	+6.19	—
Balanced Fd.	201.20	211.79	+10.28	—
Smlr Co's & Recv. Fd	230.27	242.39	+3.81	—
Int. Technology Fd.	264.05	277.95	+14.68	—
Nth. Amer. & Gen. Fd.	146.34	154.05	+2.98	—
Energy Int. Fd.	111.19	117.05	+2.98	—
Pacific Basin Fund	164.81	173.49	+17.14	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	122.2	128.7	.....	—
Property	125.3	132.9	.....	—
Equity	132.8	139.8	.....	—
International	135.3	142.5	.....	—
Fixed Interest	107.9	113.6	.....	—
Deposit	102.0	107.3	.....	—
Managed Pen. Cap.	122.5	128.7	.....	—
Property Pens. Cap.	128.4	135.1	.....	—
Equity Pens. Cap.	127.9	134.7	.....	—
Intnl. Pens. Cap.	140.3	147.9	.....	—
Fixed Int. Pens. Cap.	103.0	108.5	.....	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	126.9	133.6	−1.2	—
GT Pln High Yld Fnd.	133.5	140.6	−0.6	—
GT Plan Far East Fnd	142.0	149.5	−0.6	—
GT Plan N. Am Fd.	122.1	128.6	−0.4	—
GT Pln UK&G.E. Fnd	153.1	161.2	+1.0	—
GT Pln Wrldwde Fnd.	149.3	157.2	−0.2	—
GT Pension Bnd Fnd.	138.8	146.2	−1.3	—
GT Pen High Yld Fd.	154.9	163.1	−0.8	—
GT Pen Far East Fd.	178.6	188.0	+0.9	—
GT Pen N. Am. Fd.	170.4	179.4	−0.9	—
GT Pen UK & G.E. Fd.	178.7	188.2	−0.8	—
GT Pen Worldwide Fd.	160.1	168.6	−0.5	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	173.6	182.8	.....	—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		260.0	.....	—
Portfolio Fd. Init.		218.1	.....	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	285.6	301.0	−1.2	—
Money Fd.	158.7	167.1	.....	—
Equity Fd.	242.0	255.0	−2.2	—
Fixed Int. Fd.	121.2	127.7	−1.0	—
Property Fd.	176.2	185.7	.....	—
Managed Pen. Fd.	280.9	296.0	.....	—
Equity Pension Fd.	183.2	193.0	.....	—
Fixed Int. Pen. Fd.	173.2	182.5	.....	—
High Yield Pen. Fd.	170.7	179.9	.....	—
Money Pension Fd.	132.6	139.4	.....	—
Property Pension Fd.	129.9	136.8	.....	—

Lloyds Life Assurance—cont.

Barbmore Funds—Series A

American Apr 3; Australian Apr 3; British Apr 3; Commodity Apr 3; Extra Inc Apr 3; Far Eastern April 3; Gilt April 3; Global Strat April 3; Gold Share April 3; High Inc April 3; Income April 3; Japan April 3; Oil ad Energy April 3; Special Sits April 3; UK Smllr Cos April 3; Man Gwt April 3

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London

'Asset Builder'

London Indemnity & Gnl. Ins. Co. Ltd.
18-20, The Forbury, Reading

Money Mngr April 2; MM Flexible April 6; Fixed Interest April 2

OFFSHORE AND OVERSEAS

Wren Commodity Management Ltd.
10, St. George's St., Douglas, IoM 0624 25015

Wren Com. Fund	22.2	23.1	.....	—
Chinese Fund	62.2	64.8	.....	—
Precious Metal Fund	141.5	147.1	.....	—
Vanguard Cmdy. Fd.	33.0	33.9	−0.5	—
Financial Futures Fd.	65.6	68.3	.....	—
Wren Intl. Fnd.*	$0.703	0.732	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

EEC set to withdraw gluten feed concessions

By Paul Cheeseright in Brussels

THE EEC will soon notify the General Agreement on Tariffs and Trade (Gatt) in Geneva that it wants to withdraw tariff concessions on any imports of maize gluten feed above the level of 2.9m tonnes. The move is likely to be strongly opposed by the U.S.

Imports of maize gluten doubled between 1981 and 1983 and last year reached 3.4m tonnes, principally from the U.S.

Officials of the Ten are expected today to give formal approval to a negotiating mandate for the European Commission, triggering the notification to Gatt.

The Commission will act under the terms of Gatt's Article 28. This provides for a country to negotiate changes in tariff levels, offering compensation to the suppliers affected.

No details of the commission's compensation offer have been disclosed, beyond the fact that they will be in the cereals sector and will be equivalent in value to the concessions the EEC seeks to withdraw.

The technique to be adopted by the EEC will be to continue with the present practice of a nil tariff up to total imports of 2.9m tonnes.

Thereafter, a levy would be imposed. It would be high enough to make further U.S. sales uneconomic.

The decision to restrict imports of maize gluten feed has been taken in the context of the reform of the Common Agricultural Policy. Countries such as the UK and West Germany were reluctant to accept an opening of tariff negotiations without allied changes in farm policy to

But these countries appear to have backed away from an earlier insistence on keeping the import level as high as possible

Latin American oilseeds forum planned

RIO DE JANEIRO—The Brazilian and Argentine oilseed industries plan to form a joint association to represent their interests in international trade, Brazilian Vegetable Oil Industries Association President Martinho Fario said.

He said Paraguay, as the only other oilseed exporter in South America, might also join and the association could expand later to include Latin American consumer countries.

Both Brazil and Argentina currently face European Community anti-dumping charges.

Sr Faria said Brazil has to sell its produce for less than the U.S. prices because it does not have facilities to offer special financing, nor the advantages the U.S. has of offering comprehensive trade packages which would incorporate some farm produce sales.

In talks in Brussels in February, Brazil had shown its products were far less subsidised than those from the U.S.

He added that countries such as Brazil cannot accept a market share policy in international oilseeds and products trade.

To develop its industry, provide employment and help pay off the foreign debt, Brazil must be allowed to expand its market share.

Delegates to the conference of the International Association of Seed Crushers (IASC) said they hope representatives of European and South American industries might be able to work out some solution to the conflicts between the two areas.

However, IASC President Mr Arnold Mergell said he believed the Congress could only be a forum in which a spirit to solve problems could be developed. Concrete results would have to come from subsequent negotiations by a smaller group of people.

Earlier, Mr Mergell said the IASC believed seed crushers' long term interests are favoured by a free and fair competitive trading environment.

Mr Mergell said a situation where countries competed to secure higher protection and/or subsidies from their governments would be most undesirable.

"Our industry would, in the end, lose its ability to respond readily and effectively to challenges and market opportunities in a continually changing world environment to the benefit only of alternative oil and protein suppliers."

He said an EEC plan for a tax of more than $60 per tonne on imported and home produced edible oils and fats was the greatest protectionist threat to an orderly expansion of world trade.

Mr Mergell said the tax would be protectionist and detrimental to exporters even if also imposed on domestic materials as such a high proportion of EEC oils and fats supplies is imported.

He said the tax would bear on a wide range of oil-consuming industries, none of which could be held responsible for the problems of the Common Agricultural Policy stemming from high, politically determined prices unrelated to market realities.

Reuter

Beet growers concentrate on planting

By DAVID RICHARDSON

SUGAR was one of the few commodities to escape price cuts imposed by EEC Agriculture Ministers in the early hours of last Saturday morning. But as the sun shone this week, after several days when the land was too wet to carry a tractor, sugar beet growers were more preoccupied with planting than prices as they pressed on with the spring work.

Right across the beet growing areas of East Anglia and the West Midlands, drills have been out planting into generally good seed beds and at the optimum time. The last few days of March and the first few of April are consistently the best for beet drilling. All other things being equal, seeds put into the soil then produce the biggest crops.

To take as much advantage as possible of this limited period, which often coincides with fickle weather, farmers have been investing in wider and wider drills. Ten years ago machines which planted five or six rows, 20 inches apart, were the norm. Today, many growers own 10 or 12 row drills and some bigger farmers have even gone to 18 rows, which cover 30 ft of land at every pass.

British Sugar field staff estimate that if all the beet drills in Britain were working at once they could deal with 15 per cent of the national acreage each working day.

Before the weather broke on March 24 about 40 per cent of Britain's half million acres of beet had been planted. By this weekend it's possible that up to 80 per cent will have been put into the ground, leaving just the heavier, slower-drying fields to be done.

Compared with last year when thousands of acres remained undrilled through April and into May, with the last not being completed until June, 1984 already has the makings of a good beet crop. And the same seems to be the case across most of Europe.

Berisfords, which owns British Sugar, estimates that plantings in the other Common Market countries where sugar beet is grown will be up 3 per cent on last year.

At this stage, in spite of the good start it is of course irresponsible to predict yields—drought, disease, aphids or whatever could decimate crops, however well they've been drilled. Nevertheless, the possibility has to be faced that Europe could produce 13m tonnes of sugar this year against a static community demand of less than 10m tonnes.

It seems strange perhaps, given that potential surplus, that the agriculture ministers of the Ten neglected to impose a greater disincentive to production than a mere price freeze.

But sugar surpluses are unique in that they are self financing — always assuming, that the EEC guaranteed price of £330 per tonne (against a world price of not much more than a third of that) is seen as a worthwhile insurance for consumers against shortages).

The guaranteed price is paid for what is known as A category sugar only and that roughly equates to domestic demand in Europe. Each EEC country may also produce a quantity of B category sugar which is based on a fixed percentage of its A.

This B sugar is now piling up in the intervention stores of Europe. But it costs the Community virtually nothing because the price paid for it to the grower is discounted by 37½ per cent and the difference pays for storage and disposal. Any sugar produced above the A and B tonnages is categorised as C sugar and must be sold outside the Community.

The other feature about sugar prices—unique until last week's deal on milk—is that all this is administered through a system of national quotas. Future levels of those quotas, which will run for five years, will be renegotiated between now and the end of 1985 to become operative on January 1, 1986.

It is popularly believed that the more sugar beet a country grows the better will be its negotiating claim to a bigger share of quota. That is why the beet growers of Europe are expanding their drilling this spring and why British Sugar bosses are pleased at this season's good start.

Whether their optimism on yields for the 1984-85 campaign or for quota levels beyond that are justified remains to be seen.

Renewed round of sugar talks in June

By Our Commodities Staff

LEADING sugar exporting and importing countries agreed to resume negotiations for a new International Sugar Agreement in Geneva starting on June 12.

The decision to go ahead with the negotiating conference, which is expected to last for three weeks, was taken at informal talks in London that ended yesterday.

There was no sign, however, of any substantial progress being made in reconciling the difference between the main exporters, which lead to the failure of previous attempts to negotiate a new pact.

Meanwhile, West German sugar statistician, F. O. Licht, in its second estimate of the 1984 European beet plantings, forecast they would total 7,521,000 hectares. This is slightly below Licht's first estimate last month of 7,554,000

Licht said the 1984-85 European crop has generally got off to a reasonable start. The weather has so far been much better than last year, indicating an increase in west European production.

India has record foodgrain production

By John Elliott in New Delhi

INDIA's foodgrain production is expected to reach a record total of 146.3m tonnes in the 1983-84 financial year just ended.

Government estimates say this is 4.8m tonnes above target and 2.3m tonnes more than the Delhi agriculture ministry was predicting a month ago. The total for 1982-1983 was 128.4m tonnes and the previous highest figure — for 1981-82 — was 133.3m tonnes.

Both rice and wheat are expected to have reached record production levels in the past year. Rice is put at 57m tonnes, up from the usual 53-54m tonnes, while wheat should total 44.6m tonnes, compared with 42.5m tonnes the previous year.

India has emerged as the biggest sugar-producing country, turning out 8.4m tonnes in 1982-83. However, forecasts from the Indian Sugar Mills Association, based on a 560,000-tonne drop in sugar production during the October-February period, suggest that the 1983-84 output may drop to between 7.2m-7.5m.

The main reason for the record foodgrain results are good monsoons last year, and dramatically improved supplies of seeds, fertilisers, electricity and other goods and services.

Fertiliser consumption is expected to have gone well above the 7.2m tonne target.

The Delhi Agriculture Ministry report says that the national productivity level of wheat is now expected to rise above 1,836 kilos per hectare, compared with 1,690 kilos in 1980-81.

Pulses production is expected to have exceeded 12m tonnes, up from about 11.5m tonnes in the previous two years. Oilseeds production is expected to have met its 12.5m tonnes target.

Nervous selling depresses copper

By John Edwards

NERVOUS selling after recent increases and news of First National Bank of Chicago raising its prime lending rate, brought a sharp downturn in copper prices on the London Metal Exchange yesterday. The higher grade three months quotation closed £14.75 down at £1,095.5 a tonne and fell further to £1,087.5 in late kerb trading.

Zinc values also came down heavily. Cash zinc lost £14.5 to £701 and three months £12.5 to £688.25. Aluminium and lead prices were also lower, although lead rallied in late kerb dealings.

● THE STEEPNESS of the slide in London gasoil futures trading was illustrated by March turnover figures published by the International Commodities Clearing House yesterday. The total for the month was only 34,639 lots against 65,409 in March 1983. The total for the first quarter was 127,299 lots, down from 189,467. So far this month volume has been averaging only about 270 lots a day.

● HONG KONG broiler production dropped by 33 per cent to 22,000 tonnes last year because of consumer reaction to carcinogenic growth hormone residues in the meat of locally produced chicken.

● Pakistan's cotton production estimate for 1983-84 is now 2.7m-2.8m bales, revised downward from 3.4m bales and a target of 5.2m bales.

● Coffee exports under International Coffee Organisation export quotas totalled 27.7m bags from October to March, according to preliminary ICO figures.

● China will send a delegation to Thailand later this month to discuss importing an additional 100,000 tonnes of Thai rice.

PRICE CHANGES

In tonnes unless stated otherwise	Apr. 5 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1100
Free Mkt	$1440/1470	......	$1525/565
[illegible]	[illegible]	[illegible]	[illegible]

	Apr. 5 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1125v	......	$1140
Groundnut	‡	......	$1040
[illegible]	[illegible]	[illegible]	[illegible]

LONDON OIL

SPOT PRICES

Gas oil prices began the day somewhat mixed, with the nearbys relatively steady in early trading. The market drifted lower during the morning in very thin conditions. Light mixed buying in mid-afternoon pushed the market back to the highs, and it remained towards the top of the range until the close, when commission house and trade selling forced it to new lows, reports Premier Man.

CRUDE OIL FUTURES

GAS OIL FUTURES

GOLD MARKETS

Gold fell $1½ to $380½-380¾ on the London bullion market yesterday, weakening in late trading on news of an increase in a large U.S. bank's prime lending rate. It opened at $381½-382, and was fixed at $381.60 in the morning, and $381.20 in the afternoon. The metal touched a peak of $381¾-382¼, and a low of $380-380½.

In Paris the 12½ kilo gold bar was fixed at FFr 98,700 per kilo ($382.11 per ounce) in the afternoon, compared with FFr 98,500 ($381.34) in the morning, and FFr 98,800 ($381.07) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,045 per kilo ($381.76 per ounce) against DM 32,145 ($381.52), and closed at $381-381½, unchanged from Wednesday.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $381.90 per ounce, against $380.60.

In Zurich gold finished at $380½-381, compared with $381½-382½.

LONDON FUTURES

EUROPEAN MARKETS

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES GAVE GROUND on the London Metal Exchange, depressed by the increase in prime rate announced by the First National Bank of Chicago. Copper retreated to close the late Kerb at £1,088, while Zinc dropped to £687 prior to ending the day at £689.5. [illegible]

COPPER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

SILVER

Silver was fixed 2.3p an ounce lower for spot delivery in the London bullion market yesterday at 652.5p. U.S. equivalents of the fixing levels were: spot $9.37, up 1c; three-month $9.619, up 1.2c; six-month $9.875, up 0.8c; and 12-month $10.442, up 0.6. [illegible]

COCOA

COFFEE

GRAINS

PIGMEAT

The market opened steady, with prices holding firm in quiet conditions and short-covering towards the close left values at the highs, reports CCST Commodities.

POTATOES

RUBBER

SOYABEAN MEAL

COTTON

WOOL FUTURES

SUGAR

LONDON DAILY PRICE—Raw sugar £112.50 ($161.50), up £0.50 a tonne fob April-May delivery. White sugar $177.00, up $2.00.

Reports that Tunisia had purchased two cheap cargoes of whites for Aug/Sept arrival produced more selling [illegible]

INDICES

MEAT/FISH

AMERICAN MARKETS

NEW YORK, April 5.

NEW YORK

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm on prime rate rise

The dollar improved from a weaker start in currency markets yesterday, following a move to 12 per cent in several leading U.S. banks' prime rates. The increase reflected continued upward pressure on short-term interest rates and did nothing to allay recent speculation that the Fed may have tightened its monetary policies.

Consequently the dollar recovered from a low of DM 2.6055 against the D-mark to finish at DM 2.6165, up from DM 2.6145 last night. Trading was relatively quiet in the morning but volume picked up in the afternoon. However most currencies were confined to a relatively narrow range. Against the Swiss franc it rose to SwFr 2.1750 from SwFr 2.1690 and FFr 8.0525 from FFr 8.0450. It was slightly down against the yen at Y225.05 from Y225.25. On Bank of England figures the dollar's trade weighted index was 126.8 from 127.0 although this did not fully reflect the dollar's late rise.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. March average 1.4564. Trade weighted index 80.0 against 79.9 at noon and at the opening and compared with 79.9 on Wednesday and 82.6 six months ago.

Sterling was a little firmer overall despite lower UK interest rates and higher U.S. rates. It closed at $1.4335-1.4345 against the dollar, a rise of 10 points. It was also higher against the D-mark at DM 3.7550 from DM 3.7500 and SwFr 3.1225 compared with SwFr 3.11. Against the French franc it rose to FFr 11.5450 from FFr 11.5250 and was unchanged against the yen at Y323.0.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. March average 2.5967. Trade-weighted index 127.4 against 127.3 six months ago.

The D-mark showed small mixed changes at the Frankfurt fixing, but gained ground against the dollar. The Bundesbank did not intervene when the dollar was fixed at DM 2.6101, compared with DM 2.62, in a quiet market lacking new factors. German dealers expected U.S. M1 money supply to rise by only about $1bn, compared with forecasts elsewhere of an increase in the region of $2bn, but did not anticipate the figure having any great impact. Today's U.S. unemployment figures appeared to be creating more interest, amid suggestions that any improvement may be regarded as justification by the Federal Reserve for a rise in the 8½ per cent discount rate. Sterling rose to DM 3.7450 from DM 3.7440 at the fixing, but the Swiss franc fell to DM 1.2049 from DM1.2070. Within the EMS the French franc rose to DM 32.495 per 100 francs from DM 32.485, while the Belgian franc and Dutch guilder were unchanged.

JAPANESE YEN — Trading range against the dollar in 1983-84 is 246.90 to 223.25. March average 225.13. Trade-weighted index 159.5 against 152.9 six months ago.

The yen improved against the dollar in quiet Tokyo trading. The U.S. currency fell to Y224.95 from Y225.35, after opening at Y225. U.S. interest rates were expected to remain firm, and this lent support to the dollar, but the Japanese economy has been forecast as showing strong growth and this is preventing any weakening of the yen, and both factors are tending to keep trading within a narrow range. There was little commercial demand in the market, while interbank trading was described as uninspired. The D-mark was firmer against the yen, rising to Y86.15 from Y86.04, but declined from the previous New York rate of Y86.32.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.6267	+1.62	+1.55	±1.5447
Danish Krone ...	8.14104	8.18615	+0.56	+0.59	±1.6425
German D-Mark	2.24184	2.23047	−0.51	−0.58	±1.0642
French Franc ...	6.87456	6.86590	−0.13	−0.20	±1.4052
Dutch Guilder ...	2.52595	2.51623	−0.38	−0.45	±1.4964
Irish Punt	0.72569	0.728929	+0.43	+0.36	±1.6699
Italian Lira	1403.49	1383.09	−1.45	−1.45	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	April 5	Prev. close
Spot	$1.4060-4270	$1.4340-4350
1 month	0.25-0.28 dis	0.27-0.28 dis
3 months	0.74-0.78 dis	0.74-0.76 dis
12 months	3.25-3.35 dis	3.28-3.32 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

April 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4315-1.4375	1.4335-1.4345	0.24-0.29c dis	−2.22	0.75-0.80dis	−2.15
Canada	1.8300-1.8350	1.8320-1.8330	0.20-0.30c dis	−1.64	0.80-0.90dis	−1.85
Nethlnd.	4.21-4.24	4.22¾-4.23¾	1¼-⅞c pm	2.49	2⅞-2⅝ pm	2.49
Belgium	76.40-76.80	76.65-76.75	16-26c dis	−5.28	56-66 dis	−3.12
Denmark	13.72-13.79	13.76½-13.77½	¾-1⅝ore dis	−0.87	2½-2¾ dis	−0.76
Ireland	1.2200-1.2260	1.2255-1.2265	0.36-0.46c dis	−4.01	1.15-1.31dis	−4.01
W. Ger.	3.73¾-3.76¾	3.75-3.76	1¼-⅞pf pm	3.19	3½-2⅞ pm	3.06
Portugal	189.50-191.00	190.00-190.50	135-365c dis	−16.77	525-1120dis	−17.29
Spain	213.60-214.75	213.80-214.00	105-135c dis	−6.73	395-440 dis	−7.91
Italy	2315-2328	2325½-2327½	13½-15½lire dis	−7.48	42-44 dis	−7.39
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

THE DOLLAR SPOT AND FORWARD

April 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4315-1.4375	1.4335-1.4345	0.24-0.29c dis	−2.22	0.75-0.80dis	−2.10
Ireland†	1.1685-1.1740	1.1685-1.1695	0.19-0.14c pm	1.69	0.60-0.52 pm	1.91
Canada	1.2775-1.2800	1.2780-1.2785	0.08-0.06c pm	0.66	0.13-0.10 pm	0.36
Nethlnd.	2.9415-2.9510	2.9490-2.9510	1.17-1.12c pm	4.58	5.44-3.39 pm	4.55
Belgium	53.30-53.52	53.49-53.51	4-6c dis	−1.12	12-16 dis	−1.05
Denmark	9.5890-9.6075	9.6025-9.6075	1¼-¾ore pm	1.25	3¼-2¾ pm	1.25
W. Ger.	2.6055-2.6180	2.6160-2.6170	1.15-1.10pf pm	5.17	6.35-3.35 pm	5.09
Portugal	132.60-133.10	132.60-133.10	75-225c dis	−13.71	275-700dis	−14.68
Spain	149.05-149.40	149.25-149.35	55-65c dis	−4.83	205-225 dis	−5.76
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. [illegible]

OTHER CURRENCIES

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

MONEY MARKETS

UK rates slightly easier

UK RATES SLIGHTLY EASIER

Interest rates were a little easier where changed in London yesterday except at the short end. Overnight interbank money touched 11 per cent at one point, reflecting distortions attributable to end of year pressures on two large discount houses. Longer term rates were a little softer with three-month interbank money at 8½-8⅝ per cent down from 8⅝-8¾ per cent and three-month eligible bank bills bid at 8 11/32 per cent compared with 8 7/16 per cent. A rise in U.S. prime rates came too late to have any effect.

The Bank forecast a shortage of around £550m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £287m and the unwinding of previous sale and repurchase agreements a further £278m. Exchequer transactions accounted for £40m while in the market's favour, banks brought forward balances £50m above target.

The Bank offered an early round of assistance in order to meet the shortage and made purchases of £296m of bills. These comprised £5m of eligible bank bills in band 2 (15-33 days) at 8⅞ per cent and £17m in band 3 (34-63 days) at 8⅝ per cent. In band 4 (64-91 days) it bought £237m of eligible bank bills all at 8⅝ per cent.

The forecast was revised to a shortage of around £600m, before taking into account the early help and further assistance was given in the morning of £75m. This comprised purchases of £13m of eligible bank bills in band 2 at 8⅞ per cent, £2m in band 3 at 8⅝ per cent and £64m in band 4 at 8⅝ per cent.

In the afternoon it bought £17m of eligible bank bills in band 2 at 8⅞ per cent and in band 4, £7m of Treasury bills, £9m of local authority bills and £20m of eligible bank bills. It also provided late assistance of £45m, making a total of £469m.

In Amsterdam the Dutch central bank offered additional funds through currency swaps. This followed Wednesday's one-month swap and was seen as an attempt to maintain liquidity levels as the market faces expiring swap facilities this week. The market also faces the repayment of aFl13.7bn special advance next Tuesday and the introduction of swap agreements may have been preferred to running to special advance facilities at the same time.

UK clearing banks' base lending rate 8½-8¾ per cent (since March 15 and 16)

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

Discount Houses Deposit and Bill Rates

[illegible]

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. April 5)

[illegible]

MONEY RATES — NEW YORK (Lunchtime)

[illegible]

FINANCIAL FUTURES

Firmer tone

Trading had a slightly firmer tone on the London International Financial Futures Exchange yesterday, although the market was generally quiet and lacking in new factors. A rise in the First National Bank of Chicago's prime lending rate to 12 per cent from 11½ per cent, was shortly followed by other U.S. banks, but came too late to influence Liffe. Traders suggested that the Eurodollar contract may open slightly lower today, on the prime rate move, but in common with yesterday could find good support at any lower levels.

Although interest rates remained firm overnight in New York, with Federal funds almost touching 11 per cent, U.S. credit markets had a slightly more confident tone, and this was reflected in a gradual firming of the Eurodollar June contract for most of the day. It opened at 88.86, the lowest level of the day, and rose to a peak of 88.94, before closing at 88.92, compared with 88.90 on Wednesday.

Volume in gilt futures was fairly low, with most interest concentrated on the Eurodollar. Although the London money market remained nervous of the widening differential between London and New York interest rates had a softer tone. Further nervousness was illustrated by demand for index linked stock in the cash gilt market, but the overall trend in futures was slightly better. The June contract opened at 108-09, again the lowest level of the day, and after touching a high point of 108-22 finished at 108-18, compared with 108-07.

Three-month sterling deposits were influenced by similar factors, particularly the easing of sterling interbank interest rates. June delivery opened at 91.01, and fell to a low of 91.00. It rose to a peak of 91.07, and closed at 91.05, against the previous settlement of 91.01.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	88.92	88.94	88.86	88.90
Sept	88.49	88.50	88.42	88.46
Dec	88.11	88.13	88.06	88.07
March	87.80	87.83	87.79	87.75
June	87.46	87.46	87.46	87.46

Volume 4,120 (4,196)
Previous day's open int. 15,109 (15,089)

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	65-17	65-30	65-15	65-18
Sept	64-31	65-12	64-29	65-00
Dec	64-15	64-27	64-16	64-17
March	64-01	64-13	64-01	64-03
June	63-24	63-31	63-24	63-23
Sept	63-13	63-19	63-16	63-12
Dec	63-04	63-10	63-04	63-03
March	62-28	63-02	62-28	62-27

[illegible]

BASE LENDING RATES

[illegible]

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

[illegible]

INTERNATIONAL CAPITAL MARKETS

D-MARK NEW ISSUES CALENDAR

Date		Borrower	Amount DM (m)	Lead Manager
Apr	5	World Bank	300	Deutsche Bank
	10	Hydro Quebec	200	WestLB
	11	Sweden	250	Deutsche Bank
	12	Mount Isa Finance	100	Commerzbank
	17	SATS*	50	BHF-Bank
	19	ISEC (ITT)	100	Deutsche Bank
	24	Indonesia	100	Dresdner Bank
	25	Gould Intl. Finance	100	Commerzbank
	30	SKF	100	Dresdner Bank
May	2	Ireland	150	Commerzbank
	7	CEPME	100	Commerzbank
	8	EIB	250	Deutsche Bank

Next meeting: May 14 — * Private placement

U.S. prime rate rise hits $ bond market

BY MARY ANN SIEGHART IN LONDON

PRICES of Eurodollar bonds fell again yesterday as several U.S. banks raised their prime lending rates from 11½ to 12 per cent. This reinforced dealers' fears of an increase in the U.S. discount rate.

Secondary bond prices fell by about ¼ point, and most of Wednesday's flood of new fixed-rate issues suffered too.

Only one new bond was launched yesterday – a $75m floating rate note for Banco de Vizcaya, Spain's fifth largest bank. It has a 12-year life with put options for investors after eight and 10 years and pays ¼ per cent over the mean of the six-month London interbank bid and offered rates at par. Lead managers are Lehman Brothers Kuhn Loeb, Orion Royal Bank and Mitsubishi Finance. The issue traded at a discount of around its 1.88 per cent total fees.

Ashinomoto's convertible has been increased from $80m to $100m because of strong investor demand and the indicated coupon has been cut from 3¼ per cent to 3 per cent, presumably to prepare investors for a further cut when the issue is finally priced next Wednesday. The bond was still trading at 104½ yesterday.

Hanwa, the Japanese steel company, is raising DM 80m through a five-year bond with warrants paying an indicated 3½ per cent coupon at par. Dresdner Bank is leading the deal.

The new D-Mark issue calendar was set yesterday. It schedules 12 new issues for a total of DM 1.9bn over five weeks. Dealers expected most of the issues to be well-absorbed, barring a dramatic market downturn.

The first issue of the new DM calendar, a DM 300m bond for the World Bank, was launched yesterday. It has an eight-year life and a 7¾ per cent coupon at par. Deutsche Bank is leading the deal, which traded at a 1¾ per cent discount.

Tauernkraftwerke, the Austrian hydroelectric power concern, is raising a maximum of SwFr 125m through a 10-year public issue led by SBC. The indicated yield is 5¾ per cent.

Prices of seasoned D-Mark and Swiss franc bonds closed unchanged in low turnover.

● Mr Tyo Van Marle, currently managing director of Schroders & Chartered merchant bank in Hong Kong, is to join CSFB in the summer as an executive director and member of the operating committee. He will be in charge of all corporate related business there.

Taking Mr Van Marle's place at Schroders & Chartered will be Mr Hugh Bolland, who has been the director in charge of S& C's investment division for the last two years.

WEEKLY U.S. BOND YIELDS (%)

	April 4	March 28	1984 High	1984 Low
Composite Corp. AA	13.18	13.06	13.18	12.19
Government:				
Long-term	12.57	12.37	12.57	11.51
Intermediate	12.41	12.21	12.41	11.33
Short-term	11.74	11.50	11.74	10.70
Municipal	n.a.	9.92	9.91	8.48
Industrials AAA	12.75	12.59	12.75	11.79
Industrials AA	12.99	12.69	12.99	12.02
Utilities AA	13.28	13.21	13.28	12.33
Preferred Stocks	11.79	11.52	11.79	11.07

Source: Standard & Poor's

Distillers to raise $250m

By Peter Montagnon in London

DISTILLERS Company, the Scotch whisky concern, is raising $250m in the Euromarkets, its first major international financing in 10 years.

The money will be used to finance Distillers' recently announced acquisition of Somerset Importers, which imports its Johnnie Walker and Tanqueray gin brands into the U.S. Distillers is buying Somerset's liquor interests from Norton Simon, which itself was acquired last year by Esmark, the Chicago-based conglomerate.

Distillers will finance its purchase with a seven-year revolving Eurocredit – an instrument which allows for both speed of arrangement and flexibility as funds drawn can be repaid whenever suitable longer term refinancing opportunities surface in other markets.

Participating banks will receive a commitment fee of ⅛ per cent and a margin of ⅜ per cent over Eurodollar rates on money drawn. The credit is being arranged by Robert Fleming & Co, which will also act as agent.

Market response is understood to have been positive given the rarity of the Distillers name as well as the current shortage of international loan opportunities. The credit will be syndicated among a limited number of the company's relationship banks with the maximum number of participants expected to be about 15.

The credit will cover the full acquisition cost of Somerset. Robert Fleming is rarely involved in loans of this size, but its role as arranger reflects both its advisory relationship to Distillers and a desire to develop further the banking side of its business.

BHF Bank bond average

April 5	Previous
99.504	99.492
High 1983-84	Low
100.009	98.056

WORLD VALUE OF THE POUND
every Tuesday in the Financial Times

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 5.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11⅝ 94	100	94½	95	−0½	−0½	12.78
Australia Comm 11¼ 90	100	98½	99	−0½	−0½	11.50
Australia Comm 11½ 95	300	92½	92⅞	+0⅛	−1⅛	12.77
Australia Comm 11⅝ 88	100	92	92½	0	−1	12.88
Australian Ind Dev 11 88	75	93⅞	94⅜	−0⅛	−1⅛	12.71
Bank Of Tokyo 11⅞ 90	100	95⅝	96⅛	+0⅛	−1	12.79
Beneficial O/S Fin 12 91	100	93⅞	94⅜	0	−0⅝	13.40
Britoil Fin 11⅞ 90	125	95⅜	95⅞	0	−0⅝	12.98
Canada 10⅞ 86	500	96⅝	97⅛	+0⅛	−0⅝	11.72
C.C.C.E. 12⅝ 95	75	96⅜	96⅞	−0⅛	−1⅛	13.20
[illegible]						

Int-Am Dev Bk 7¾ 93	15	102½	103⅜	+0⅛	+0⅛	7.42
New Zealand 7⅝ 89	15	104⅝	105⅛	−0⅛	−0⅛	6.63
World Bank 7⅝ 93	20	103	103½	0	0	7.14

Average price change... On day 0 on week 0

Convertible bonds	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nissan Motor 5¼ 98	4/83	770	117⅛	118⅛	+5⅛	16.68
Olympus Optical 6⅜ 97	12/82	1157.4	104⅞	106⅛	−0⅞	10.64
Ono Pharm'cal Co. 3¼ 98	3/84	9480	130⅝	132⅝	−2⅝	−2.85
Orient Leasing 5½ 98	8/83	2886	144⅝	146⅝	+0⅝	−4.81
Sanwa 5 98	11/83	2920	218	219½	−0⅝	−5.27
Yamaichi Sec Co 5 98	8/83	448.8	137½	139	+4⅛	−8.48
Yamanouchi Pharm'cal 4 98	10/83	1866	100⅝	101⅞	−0⅝	26.27
Nippon Airway 2⅞ 94 SF	2/84	354	100⅝	101⅛	−0⅝	−1.73
Nippon Shinpan Co 2 92 SF	3/84	881	100⅝	101⅛	−0⅝	22.09
Sanyo Paper 2⅛ 92 SF	4/84	877	103	104	0	−3.26
Asics 6 92 DM	12/83	528	109⅝	110⅝	+0⅛	26.37
Sumi Realty 6½ 92 DM	2/83	396	164⅝	165⅝	+2⅛	−8.28

* No information available previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cn. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER *Nasdaq national market, 3pm prices*

Continued from Page 36

Stock		Sales (Hnds)	High	Low	Last	Chng
UnPlntrs	.80	122	23¾	22¾	23¾	+1
UACom	.10	1518	20⅛	19⅞	20	−⅛
UBCol	1	505	18⅛	17⅞	18	
UnEdS		2	7¼	7¼	7¼	
[illegible]						